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'84 Austerity Budget Draft Approved by Bonn Cabinet

Reuters

BONN — The West German cabinet approved Wednesday an austerity budget draft that would cut into social welfare benefits and the pay of public sector workers in an attempt to save the government 6.5 billion Deutsche marks (\$2.6 billion) in 1984.

The budget draft included reduced benefits for the unemployed and expectant mothers and a pay freeze for employees in the public sector until April 1, 1985.

The proposal was immediately attacked by trade union leaders and the opposition Social Democrats.

There was particular resentment that the proposed reductions came at a time when the government plans to give almost 4 billion marks in tax relief and investment incentives to business.

This is to be financed out of the extra 1 percent value-added tax that consumers will have to pay from July 1, when it rises to 14 percent from 13 percent.

A final budget draft is expected to receive cabinet approval by the end of June, before it is submitted in September to the Bundestag, West Germany's lower house of parliament.

Gerhard Stoltenberg, finance minister in the center-right coalition government of Chancellor Helmut Kohl, said he expected the budget to keep the government's borrowing requirements next year to 30 billion marks.

This year's shortfall is forecast to

Cuts Planned In Benefits For Jobless

Longer-term unemployment pay for the same categories would be reduced to 56 percent of the last net income from 58 percent.

Paid maternity leave for working women would be reduced to three months from four.

Mr. Stoltenberg said the measures would result in savings at provincial, state and community levels and would save 5 billion marks in the state-run railways.

■ Squatters Protest in Bundestag

About 30 young squatters from West Berlin marched through the Bundestag on Wednesday, throwing paint bombs and paper airplanes, shouting peace slogans and struggling with security guards, United Press International reported from Bonn.

The 30 arrived with a group of about 300 teen-agers invited to ask questions before a special session of the Bundestag. They unfurled banners and chanted slogans of "No more war" and "No more fascism."

The protesters ran to the podium of the speaker of the chamber and threw small paint bombs across the room where 500 members were sitting. They pushed and struggled, splintering a glass door as Bundestag guards herded them out.

The leftist Green party protested the ejection of the teen-agers, saying they belonged to a group of West Berlin squatters invited by the Greens to attend the special session. Squatters occupy about 35 houses in West Berlin.



United Press International
Security officers in Bonn, left, struggled Wednesday with young squatters who tried to hang banners in parliament. The protesters threw paint bombs and charged the podium.

Reagan Vows to Veto Any Bill Raising Tax

By Lou Cannon
and David Hoffman
Washington Post Service

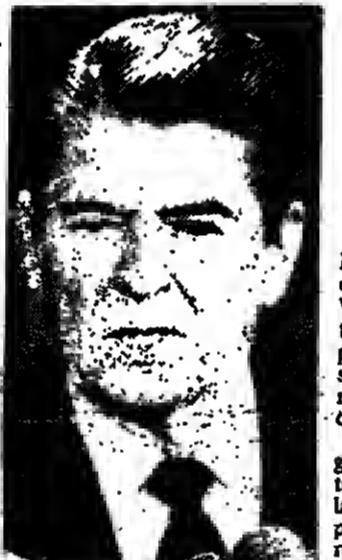
WASHINGTON — President Ronald Reagan, breaking with congressional efforts to forge a compromise on the budget, has vowed to veto any tax increase during the next two fiscal years and any spending bills that would rekindle the fires of inflation and high interest rates.

Continuing on a confrontational course with Congress that could carry over into the 1984 election campaign, the president said Tuesday in a statement opening a formal news conference that "the American people didn't send us to Washington to continue raising their taxes, spending more on wasteful programs or weakening our defense."

"It is time to draw the line and stand up for the American people. I will not support a budget resolution that raises taxes while we are coming out of a recession. I will veto any tax bill that would do this."

Congressional Democrats earlier had accused Mr. Reagan of distorting the truth in blaming Congress for high budget deficits. The House majority leader, James C. Wright Jr., a Democrat of Texas, called Mr. Reagan "the biggest alibi artist ever to serve in the White House."

Mr. Reagan appeared relaxed and confident as he answered 24 questions on a wide range of subjects during a 34-minute nationally televised news conference in the East Room. In contrast to his performance during a May 4 interview in the Oval Office, when he frequently seemed to be groping for



President Ronald Reagan at his press conference.

answers, Mr. Reagan generally appeared to be in command of his subjects.

Many of his answers Tuesday were crisp one-liners, some rehearsed in what officials said was four hours of preparation Monday and Tuesday.

Asked why his administration did not openly support the 7,000 guerrillas who are in rebellion against the leftist Sandinist government of Nicaragua, which Mr. Reagan frequently has criticized, he replied, to laughter in the press room, "Why, because we want to keep on obeying the laws of our country, which we are obeying."

The president underscored his opposition to the Sandinist government, which he said was helping leftist guerrillas in their attempt to overthrow the government of El Salvador. Discarding any desire to overthrow the Sandinists, the president said the "only objection we have to them is that they're not minding their own business."

"All we've said to Nicaragua, and from the beginning, is, 'Be a legitimate American state. Quite trying to subvert our neighbors. And we'll talk all kinds of relationships with you,'" the president said.

A Justice Department spokesman said Tuesday night that Mr. Reagan was not exactly correct in claiming that his administration has made 21,000 inquiries into Voting Rights Act violations.

Thomas M. Stewart, associate director of public affairs for the department, said 21,000 responses have been made by jurisdictions required to submit any changes in voting procedures to the federal

government, because they are covered by the Voting Rights Act.

He said: "Each one of the 21,000 changes was closely evaluated and assessed as required by the law, but that is not to say that we went out on our own and found 21,000 cases."

Mr. Reagan also said, as evidence of his efforts on behalf of black Americans that his administration has set a record for regaining money for persons denied fair wages. Mr. Stewart said that he was not certain what the president was referring to and that Mr. Reagan's remarks would have to be studied to see whether they can match up what he said with what he might have meant to say.

Mr. Reagan dealt briefly with political questions. After he had delivered a long defense of his administration's record on civil rights, he

(Continued on Page 2, Col. 5)

Thatcher Opens Tories' Campaign, Pledges to Remain 'Steadfast Ally'

By R.W. Apple Jr.
New York Times Service

LONDON — Prime Minister Margaret Thatcher launched her campaign for re-election on Wednesday, unveiling a Conservative Party program that she promised would improve living standards and "ensure that Britain remains a steadfast ally in an uncertain world."

The party's manifesto, or program, pledged that in a second term the Tories would pass tough laws to place further curbs on the power of the trade unions, would remove one layer of local government entirely, would sell off major parts of the nationalized industries and would cut income taxes and continue to cut inflation.

Speaking at a crowded press conference, beneath a banner bearing the slogan "Britain strong and free," the prime minister said that in four years under her leadership Britain had recovered its confidence and self-respect and the admiration of other nations. Her program for the next five years, she added, was equally "robust and responsible."

"The choice before the nation is stark," Mrs. Thatcher asserted, "either to continue our present steadfast progress or to follow policies more extreme and more damaging than those ever put forward by any previous opposition."

As she has since taking power, Mrs. Thatcher refused any suggestion of direct action to deal with what she called "the universal and most intractable" problem of unemployment. She declared: "The answer is not bogus social contracts and government overspend-

ing; the government's role is to keep inflation down and offer real incentive for private enterprise."

The paradox of the campaign so far is that a large majority of the public, according to the opinion polls, considers unemployment the dominant problem facing the country and prefers Labor's policy of economic stimulation to the prime minister's hands-off approach, yet the Conservatives remain well ahead.

In the most recent survey by Market and Opinion Research International, published in Tuesday's Daily Star, the Tories' lead was put at seven percentage points. The poll gave them 44 percent to 37 percent for Labor, 17 percent for the Liberal-Social Democratic alliance and 2 percent for others.

That is a smaller lead than shown in previous surveys, and Labor strategists hope it means that they are beginning to break down the public's belief that there is nothing to be done about the unemployed. With unemployment at 3.2 million, or 13.3 percent of the work force, the highest rate in this country's history, Labor has pledged to spend enough to create 2.5 million jobs during the next Parliament.

Michael Foot, the opposition leader, whose dithering image has been considered a liability to his party's chances, has begun to draw large, emotional crowds to his rallies.

Mr. Foot hammered away at the issue again Wednesday, declaring on a radio program that "if there is anything worse than mass unemployment, it is the Tories' complete muddle." David Owen, of the

(Continued on Page 2, Col. 3)

Favorite Aussie Animals Fall on Hard Times

Sheep Suffer Shearers' Strike, Koala Endures Minister's Wrath

By William Branigan
Washington Post Service

SYDNEY — It may be a sure sign that things are tough all over. Even two of Australia's most renowned animals are feeling the hard times.

As one of Australia's longest droughts eases, the onset of winter brings the prospect of millions of cold or frustrated sheep. And the country's koala bears have never been so insulted.

The difficulties of many of Australia's 132 million sheep stem from a two-month strike by up to 20,000 shearers to protest the use of wide combs on sheep.

It seems that the thousands of New Zealanders working in Australia have introduced a steel comb that is 13 millimeters (about half an inch) wider than the standard size agreed between wool growers and the shearers of the Australian Workers' Union.

The strike seems to make little sense. The shearers get paid per sheep shorn, and they presumably can shear more sheep in the same amount of time with a wider comb. But they feel that eventually wider combs might cost some jobs, and they are determined to enforce use of the union-specified size.

That is not only bad news for Australia's \$2-billion-a-year wool industry. It is also hard on the sheep, many of which are getting quite woolly. So bulky, in fact, that they have difficulty moving.

And sheep owners warn that many of the ewes who do mate may not survive the rigors of lambing, because of their heavy load. Many lambs, too, may die from being unable to suckle, the owners say.

They fear that the strike will result in much smaller flocks.

If the shearers go back to work soon, the wool growers say, the late shearing stands to

make the next few months quite chilly for many sheep. Radios will announce "sheep alerts" in particularly cold weather, and growers will have to rush out with thousands of small plastic coats to protect their flocks.

Besides the effects on the sheep themselves, the strike lowers the quality of the wool (the longer it stays on the sheep, the dirtier it gets) and reduces the amount available for export. Up to now Australian wool has accounted for 10 percent of the country's exports and a quarter of the world's wool requirements.

Adding insult to injury in the Australian animal kingdom was John Brown, the new minister for sport, recreation and tourism.

Addressing a luncheon gathering last month on the need to promote Australia as a "more diverse tourist destination," Mr. Brown surprised his audience by heaping scorn on the country's most beloved creature, the koala, which is featured in many international advertising campaigns.

He spoke of a need to destroy "the koala myth," even though the small, furry marsupial is an Australian symbol and has been chosen as the national team's mascot at the 1984 Olympic Games in Los Angeles.

"The belief of Americans that they are a lovely, cuddly little bear is fairly well exploded when they get here and pick one of the rotten little things up," Mr. Brown told shocked tourism industry leaders. "They find it's flea-ridden, it paddles on you, it stinks and it scratches."

Judging by the subsequent flurry of irate newspaper editorials and letters to the editor, many Australians were not amused.

"You leave our koalas alone," warned the Melbourne Herald. Other papers began referring to Mr. Brown with such phrases as "our koala-denigrating minister for tourism."

The opposition spokesman for tourism got into the act by carrying a large toy koala into the House of Representatives in Canberra and placing it in the chair usually occupied by Mr. Brown, who was absent that day. The House speaker said stuffy that he did not think the action appropriate, and the opposition spokesman carried the koala out.

In his own letter to the Sydney Morning Herald last week Mr. Brown suggested that few tourists come to Australia just to see koalas.

"And in any case," he wrote, "just how long can anyone stand about fondling a fury, lovable marsupial?" He added that a visitor to Australia "wants better value for money than the questionable thrill of a koala's embrace."

"Forget the 'piddling' koalas," Mr. Brown wrote. "Let's come of age as a sophisticated, exciting nation and let's start selling it that way."

Koala specialists conceded that there was some truth in Mr. Brown's remarks. The normally docile marsupial — a member of the wombat family and distantly related to the opossum — can be ill-tempered if handled, like many other undomesticated animals. And, if frightened, they might also tend to urinate.

"But it's not like they come roaring down out of the trees to pounce on you," says Dominic Fanning, a koala specialist in the Zoology Department of the University of New South Wales.

Many Australians believe that the koala's usual docility comes from being more or less drugged on the juice of eucalyptus leaves, which make up the koala's diet. It is when the "high" starts to wear off that the koala becomes irritable, according to the common belief.

Mr. Fanning disputes that, however, insisting that koalas "deal with the toxins in eucalyptus very efficiently." They seem so sleepy, he says, because they have low metabolism.

■ Drought may force South Africa to import food and cut industrial power. Page 2.

■ CIA censors are embroiled in a dispute with the agency's former director. Page 4.

■ Mexico City suffers unparalleled urban problems and the economic crisis prevents improvements. Page 5.

BUSINESS/FINANCE

■ Trafalgar House is expected to bid for Peninsular & Oriental Steam Navigation. Page 15.

■ Stock prices in New York were unable to maintain a surge and finished mixed. Page 15.

ARTS/LEISURE

■ A Washington exhibition examines the myth of the American cowboy. Page 22.

SPECIAL REPORT

■ The New York Islanders won their fourth straight Stanley Cup hockey title, defeating Edmonton, 4-2. Page 21.

FRIDAY

■ Summer vacation is coming up and now is the time to start planning. A host of suggestions worldwide will be in Weekend.



PHILADELPHIA PRIMARY — W. Wilson Goode accepts congratulations after defeating former Mayor Frank L. Rizzo in the Democratic primary. Page 3.

Algeria 4.00 Dz. Israel 15.00 Norway 5.57 N.Y.C.
Austria 17.5. Italy 12.00 Peru 5.00
Belgium 6.00 Dz. Jordan 4.00 Portugal 5.00
Belgium 27.00 Kenya 16.00 Costa Rica 4.50
Canada C\$ 1.10 Kuwait 5.00 France 4.50
Croatia 4.50 Libya 12.00 Greece 4.50
Cyprus 4.50 Lebanon \$1.40 South Africa 6.00
Denmark 1.00 Mexico 1.00 Italy 4.50
Egypt 1.00 Morocco 1.00 Spain 4.50
Finland 4.50 Pakistan 27.00 Switzerland 2.00
France 5.00 Poland 25.00 Turkey 7.50
Germany 2.00 D.M. Mexico 3.50
Greece 4.00 Norway 5.57 N.Y.C.
Great Britain 4.00 Portugal 5.00 France 4.50
Ireland 2.50 Netherlands 2.50 Costa Rica 4.50
Ireland 1.00 Nigeria 17.00 Yugoslavia 4.50

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Syria Says Habib Is Not Welcome For New Talks On Withdrawal

Reuters
DAMASCUS — Syria will not receive Philip C. Habib, the U.S. special envoy in the Middle East, officials said Wednesday. Meanwhile, the media denounced President Ronald Reagan's comments on Syria's rejection of the agreement on the withdrawal of Israeli troops from Lebanon.

"It has been decided not to receive Habib in Syria because we have nothing to discuss with him and because he is one of the most hostile American diplomats to

Goode Stops Rizzo Comeback In Philadelphia Mayoral Vote

By Paul Taylor
Washington Post Service

PHILADELPHIA — W. Wilson Goode, the sharecropper's son who is seeking to become Philadelphia's first black mayor, defeated former Mayor Frank L. Rizzo in the Democratic primary after taking the lead early Wednesday on the strength of late-reporting black precincts.

With 98 percent of a heavy Democratic turnout counted, Mr. Goode led Mr. Rizzo by 312,219 votes to 270,115.

After a campaign notable for its decorum and absence of racial appeals, Mr. Goode, 44, the city's former managing director, appeared to have won more than 95 percent of the black vote and about 25 percent of the white vote, according to exit polls conducted by two television stations.

Mr. Goode's victory ended a comeback bid by Mr. Rizzo, 62, one of the nation's most colorful and controversial urban political figures of the past two decades. Mr. Rizzo tried to soften his image and cater to an electorate no longer so transfixed by the hard-edged

law-and-order appeals that were once his stock-in-trade.

Tom DeVries, an analyst who conducted exit polling for the local CBS station and The Philadelphia Inquirer, said 62 percent of Democrats interviewed had a negative impression of Mr. Rizzo and 76 percent had a positive feeling about Mr. Goode.

Mr. Goode's strategy of attacking Mr. Rizzo's record and reminding the voters of what they did not like about him apparently worked.

"People said that Rizzo was out of date, phony and a bad manager," Mr. DeVries said. "Race just doesn't seem to have been a factor in the campaign."

There has been a black candidate for mayor in the last four Philadelphia elections, and their effectiveness in terms of money raised, street organization and percentage of votes has risen with each outing. Moreover, in the past decade, independent blacks have moved into mainstream political positions of power.

After incumbent Mayor William J. Green announced last fall that he would not seek re-election, Mr. Goode was the heavy choice of the black leadership to enter the race. Though he had never before sought elective office, he had been highly visible in his three years as managing director, an appointive position that controls the city's 10 operating departments.

"A lot of blacks already think of him as the mayor," said District Attorney Edward Rendell, "and they see this campaign as just making it official."

In some ways Mr. Goode presents the ideal profile for a black candidate in a majority white city that has undergone its share of racial tension in the recent past. He is a reassuring low-key, devoutly religious church deacon who favors conservative suits and starched white shirts.

When he campaigned among blacks he avoided the "it's-our-time" rhetoric that characterized the early campaign of Chicago's new mayor, Harold Washington.

In a hard-fought Republican mayoral primary, John Egan, a former stockbroker, had 36,367 votes; former U.S. Representative Charles F. Dougherty had 23,588, and Thom-

as Gola, a former city controller and former professional basketball player, had 19,944, with 89 percent of the vote in. With Democrats outnumbering Republicans by more than 3 to 1, Mr. Goode is the heavy favorite in the general election.

A third major candidate is waiting in the wings for the November election — Thomas Leonard, a former city controller, who dropped out of the Democratic primary when he found himself in the middle of the Rizzo-Goode campaign.

Most of the income was from holdings in two Holiday Inns near Disney World in Florida, a broad range of corporate stocks and partnerships in real estate, timber and oil and gas. His assets under the disclosure rules also are listed in general dollar ranges, were valued at \$3.2 million to \$7.4 million.

Mr. Mondale's family income during the same period was \$709,767 to \$726,067, and his assets were valued at \$138,000 to \$375,000. His earnings included director's fees and a \$150,000-a-year salary from the Winston and Strawn law firm, as well as \$174,481 in speaking fees. He was hired by the law firm to advise it on public policy and world trade, according to Maxine Isaacs, his press secretary.

His speaking fees included \$21,000 for three speeches to the United Jewish Appeal, \$10,500 from State of Israel Bonds, \$7,000 from Yeshiva University, \$7,000 from Blue Cross-Blue Shield, \$1,500 from the National Education Association and \$2,000 from General Electric Corp.

The highest fees came from Borsen Corp., a European financial



Frank L. Rizzo

Glenn Leads Democratic Rivals in Earnings

By Howard Kurtz
and Mary Thornton
Washington Post Service

WASHINGTON — Senator John H. Glenn of Ohio earned at least \$1.6 million in the past 16 months, far more than his rivals for the Democratic presidential nomination, while former Vice President Walter F. Mondale led the group in speaking fees from a variety of special interest groups, according to financial disclosure statements.

Senator Glenn reported personal family income of \$1.6 million to \$2.1 million from Jan. 1, 1982, through April 15 of this year, in the statements released Tuesday.

Most of the income was from holdings in two Holiday Inns near Disney World in Florida, a broad range of corporate stocks and partnerships in real estate, timber and oil and gas. His assets under the disclosure rules also are listed in general dollar ranges, were valued at \$3.2 million to \$7.4 million.

A third major candidate is waiting in the wings for the November election — Thomas Leonard, a former city controller, who dropped out of the Democratic primary when he found himself in the middle of the Rizzo-Goode campaign.

"Vice presidents are not putting on O-rings," Mr. Burnett said.

The FAA has been reluctant to dictate specific maintenance procedures and is moving even more in that direction with a proposed program in which each airline establishes its own procedures.

The highest fees came from Borsen Corp., a European financial

services group, which paid Mr. Mondale \$14,000 for each of five speeches to businessmen in Amsterdam, Copenhagen and Helsinki.

Among the other candidates, Senator Ernest F. Hollings of South Carolina reported \$31,870 in speaking fees during 1982 for addressing such groups as the Chemical Manufacturers Association and the Mortgage Bankers Association.

Senator Alan Cranston of California received \$58,750 in honoraria and Senator Gary Hart of Colorado \$43,172 during the 16-month period.

Senator Hart, like Mr. Mondale, has made an issue of receiving contributions from political action committees. Kathy Bushkin, his spokeswoman, said that he wants to campaign "unencumbered by

special interests," but that "there's a big difference between financing your campaign and accepting speaking fees."

Senator Glenn's campaign manager, Bill White, said Mr. Glenn did not accept speaking fees because "it's something he just doesn't feel comfortable doing."

Senator Glenn earned \$1.16 million from three corporations that own and manage the Holiday Inns, in which he has a 30-percent interest. One of his partners is a Florida businessman who helped Mr. Glenn and six other American astronauts buy property in the early 1960s, Mr. White said.

A Boston financial firm manages Senator Glenn's portfolio of state and local bonds and stocks.

Mr. Mondale, in addition to a

\$30,000-a-year federal pension, earned \$95,109 as a director of Control Data Corp., \$50,190 as a director of Columbia Pictures Industries and \$50,000 as a consultant to Family Focus, a children's services group. He has since resigned from these groups.

Reuben Askew, former governor of Florida, reported earnings of \$308,816 to \$313,016, most of it from his salary as a senior partner in Miami's largest law firm, Greenberg, Traurig, Askew, Hoffman, Lipoff, Quentel and Wolff.

Senator Hart reported income of \$171,424 to \$175,024, including \$16,750 in advances for two books. Senator Cranston reported income of \$184,247 to \$307,447, while Senator Hollings, who listed only 1982 figures, reported earnings of \$339,062 to \$511,862.

Responsibility Unclear in Eastern Air Mishap

By Douglas B. Feaver
Washington Post Service

MIAMI — An Eastern Airlines executive has testified that "apparently there is some confusion" among the airline's maintenance personnel as to who is responsible for ensuring proper installation of engine oil seals on its L-1011 jetliners.

James Fournau, director of line maintenance for Eastern, made that statement Tuesday in response to questioning at the National Transportation Safety Board's investigation into the failure of all three engines on an Eastern L-1011 May 5.

The plane, carrying 172 persons from Miami to Nassau in the Bahamas, made an emergency landing in Miami after the crew restarted one stalled engine and avoided ditching in the Atlantic Ocean.

It was discovered that oil had leaked from all engines because the seals were missing on a bolt penetrating the oil system. The bolt is changed daily on each engine, and Eastern procedures require installation of new seals, called O-rings.

Two mechanics who worked on the airplane testified Monday that they never replaced the seals, that seals were attached to the bolts when the mechanics picked them up at a supervisor's station. Daniel

R. Ormsen, an Eastern technical foreman, testified Tuesday that he and his assistants never replaced the seals, that it was the job of the mechanics.

Since September 1981, according to Federal Aviation Administration records introduced Tuesday, Eastern L-1011s have had to shut down engines in flight on six occasions. Four times the oil seals were missing. Two times the seals were damaged. Damaged seals caused major oil leaks on two other occasions.

FAA inspectors discussed each event with Eastern but took no formal action until after the May 5 incident, when it initiated investigation against the two mechanics. They subsequently received 30-day suspensions.

On one day, Jan. 14, 1982, two L-1011 engines were shut down because of missing seals. At that time the FAA threatened to impose its own maintenance system on Eastern mechanics if the problems did not stop, according to Samuel Anderson, the FAA's principal inspector for Eastern.

Between then and May 5, there were no more engine shutdowns traced to missing seals, but there were a number of damaged seal cases, Mr. Anderson said. The FAA took no disciplinary actions,

roughly a mile (1.6 kilometers) away.

This suggests that no specific relationship existed between exposure to chemical agents in the Love Canal area and increased frequency of chromosomal damage than residents elsewhere in that city, according to a government study.

The study, conducted by the Centers for Disease Control in Atlanta and two major national laboratories, contradicted a disputed 1980 study that spread fear among the residents and led to the removal of hundreds of families to protect their safety.

The latest study, released Tuesday, found "no increase in abnormalities" among 46 residents or former residents of the area surrounding the canal compared with 50 residents of a control area.

Chromosomes are threadlike particles that transmit hereditary instructions from generation to generation and determine a person's physical and mental characteristics.

The latest study said that even if chromosome damage had been found, it would be "impossible to know" whether such damage might foreshadow "later occurrence of clinical illness." Some scientists believe chromosomal damage may cause cancer and birth defects.

The study focused primarily on

Study Doubts Love Canal Gene Damage

New York Times Service

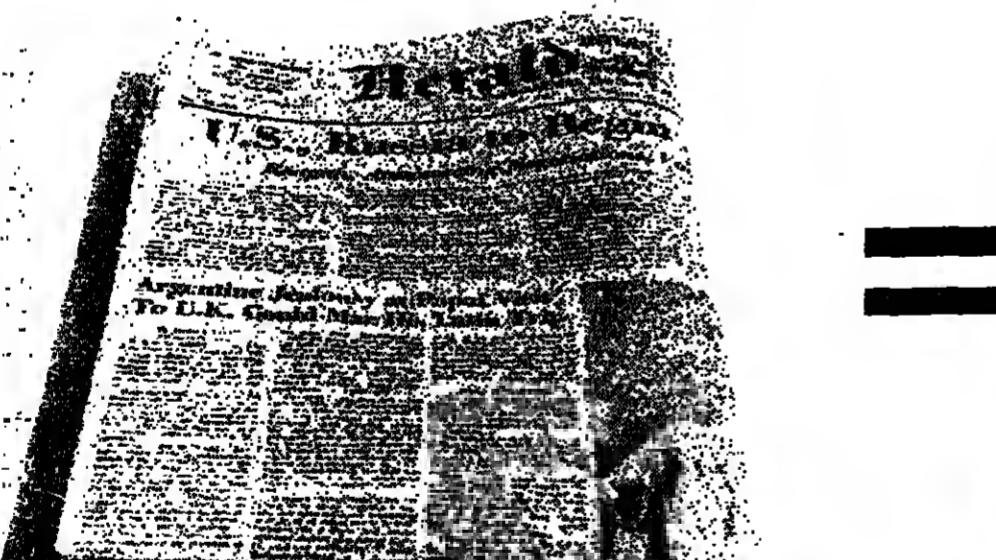
WASHINGTON — Residents and former residents of the Love Canal toxic-waste dump in Niagara Falls, New York, are no more likely to have suffered chromosomal damage than residents elsewhere in that city, according to a government study.

In earlier studies, the department found a slight increase in miscarriages in women living in homes nearest the toxic dump. However, it found no significant increase in any form of cancer in the area.

The new findings angered some former residents. One, Barbara Quimby, said: "I'm horrified." She said that one of her two children had birth defects for which she blames the Love Canal.

Lois Gibbs, who spearheaded the action to remove more than 1,000 families from the neighborhood, said the new study had been "released deliberately to confuse and cause a smoke screen around the canal" in efforts to revitalize the area.

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CIA Objects to Book By Former Director

By Seymour M. Hersh
New York Times Service

WASHINGTON — Admiral Stanfield Turner, who as director of the Central Intelligence Agency prosecuted Frank W. Snapp Jr., a former CIA analyst, for refusing to clear a book about the fall of Saigon, is now embroiled in his own book dispute with the agency's censors.

Admiral Turner, who was CIA director during the Carter administration, acknowledged that the agency's Publications Review Board objected to portions of three chapters in his unfinished book, deeming as much as 10 percent of one section on the ground that it included "classified" information that would be injurious to the protection of agency sources.

He said he is prepared to litigate. His attorney is Anthony Lapshin, who was the CIA's general counsel at the time of the proceedings against Mr. Snapp.

Admiral Turner has no publisher because the book cannot be shown to outsiders until it is cleared. He said the book focuses on the issues "of running secret intelligence operations in a democratic society."

He was reluctant to question the motives of the censors, but one of his former senior aides at the agency, who has been involved in the preparation of the book, depicted the deletions as nit-picking and quibbling. Admiral Turner, he said, "feels there are fundamental issues in carrying out intelligence in a free society, but these are absolutely

unclassified issues — political science issues, if you will."

Intelligence officials acknowledge a growing enmity between Admiral Turner and high-level officials in the Reagan administration, including William J. Casey, the current CIA director.

"Turner went out there and upset the apple cart for a lot of people at the end of their careers," his sometime aide said, referring to the dismissal of hundreds of senior operatives.

In addition, Admiral Turner has emerged in the past year as a leading critic of the administration's intelligence policies and strategic programs. Two months ago, for example, he published a critical analysis of what he termed the folly of the MX missile program in *The New York Times Magazine*.

Mr. Snapp, who was forced by a 1980 Supreme Court ruling to pay the government \$140,000 in earnings from his 1977 book, "Decent Interval," expressed little sympathy for the admiral. "I think Turner deserves everything the censors visit on him because he failed to recognize just how dangerous censorship was in the first place," he said.

Admiral Turner still defends *A Decent Interval*'s review program. "I've endorsed the process that I'm going through," he said. "I'm not fighting that." His complaint is over what he termed the mechanics of the censorship process.

At issue, Admiral Turner said, "are specific anecdotes of operations that I had experiences with as CIA director."

Admiral Turner said he made a number of modifications to his book to meet the agency's objection. But he added that, in many other cases, he was convinced the agency had no basis for asking for deletions.

The overall result of the censorship, he said, is damaging his work in progress, which is nearly completed.

Cardinal Józef Glemp of Poland kissed the hand of Pope John Paul II during a general audience at the Vatican Wednesday, the pontiff's 63rd birthday. Cardinal Glemp and other Polish prelates were visiting to plan John Paul's June trip to his native Poland.

Polish Paper Denounces Walesa, Rejects Reinstatement of Unions

Compiled by Our Staff From Dispatches

WARSAW — The Polish government newspaper *Rzecznikpolityki* denounced Lech Walesa, the former leader of Solidarity, and officials of other outlawed trade unions Wednesday and rejected their call for reinstatement of their banned unions.

"Walesa must be given a resolute 'no,' because his whole twisted line of conduct runs counter to his conciliatory declarations," a *Rzecznikpolityki* editorial said.

The commentary charged that Mr. Walesa had allied himself with the Solidarity underground, "which is busy inciting street riots and

which does not conceal its long-term political ambitions."

The editorial was one of the toughest in a recent campaign in the official media disparaging Mr. Walesa.

It was signed only by an anonymous "observer" but was summarized by the official news agency PAP in a report carried Wednesday by every national newspaper.

The article was the first official response to a letter signed May 6 by Mr. Walesa, other Solidarity leaders and leaders of the branch and autonomous unions that were Solidarity's rivals from August 1980 until the military crackdown Dec. 13, 1981.

All unions were suspended under martial law, and the government has sanctioned new labor organizations that it hopes will replace Solidarity.

"Anyway, whatever Walesa does or says, he already lacks credibility now," the paper said. "The time when he could be a partner — and he did not want it then — is gone. He himself has crossed the value of his name in the public life of Poland."

Rzecznikpolityki also published what it called the first official figures on the number of former Solidarity members who have joined the new unions — 1.5 million out of a total membership of 2.7 million. Solidarity once claimed 9.5 million members out of a work force of 14.5 million.

■ UAW Honors Walesa

Mr. Walesa was given the United Auto Workers' highest honor, the Social Justice Award, in absentia. The Associated Press reported from Detroit.

"Lech Walesa and Solidarity stand for the right of workers to be treated as human beings — to have unions free of government control and domination," the UAW's president, Douglas A. Fraser, said Tuesday.

Mr. Walesa said in a message from Gdańsk that he considered the award "a symbol of recognition for Solidarity."

Emergency Declared in Sri Lanka As Killings, Bombs Disrupt Vote

Reuters

COLOMBO, Sri Lanka — A national emergency was declared Wednesday in Sri Lanka as parliamentary and local elections were marred by killings and explosions, primarily in the troubled northern district of Jaffna.

The presidential secretariat said the police had prior information that there might be violence immediately after polling or after the results were announced.

Separatist guerrillas killed an army corporal when they opened fire with a machine gun on a polling booth in Jaffna an hour before voting ended, police said. Another soldier and two policemen guarding the booth were injured in the attack.

In another incident, a supporter of the opposition Sri Lanka Freedom Party was shot to death in the Colombo suburb of Malab.

More than two million people were eligible to vote for 18 parliamentary seats and 46 local authorities.

The state of emergency gives the security forces powers of search, arrest and detention. The secretariat said the emergency was invoked to protect the public and to prevent damage to property.

Bombs exploded Wednesday morning outside five polling booths before voting started in Jaffna, where separatist guerrillas of the Tamil minority had threatened to disrupt the polling.

Tight security was in force during the voting. Armed police guarded polling booths and troops and riot squads stood by. In the Jaffna district, the army, navy and air force assisted police.

Troops began patrolling sensitive areas soon after the emergency was declared. Guards were posted at centers where ballot counting was due to start later Wednesday. Election department officials said the final results would be known by Thursday morning.

A state of emergency was declared in Sri Lanka after presidential elections last October and was extended during a national referendum in December. It was lifted on Jan. 20.

The ruling United National Party, led by President Junius Jayewardene, is the only party contesting all of the elections. Its closest rival is the Sri Lanka Freedom Party of former Prime Minister Sirimavo Bandaranaike.

The Tamil United Liberation Front is the major party in the Jaffna district, where elections were held for four local bodies. The party is spearheading a campaign for a separate state for the minority Tamils who form 12.6 percent of

Sri Lanka's population of 15 million.

The outcome of the election will not endanger the United National Party's majority in parliament, where it holds 125 of the 168 seats.

During the campaign, Mr. Jayewardene vowed to "stamp out terrorism" in Jaffna and called on all political parties to cooperate with him to do so.

An outlawed guerrilla movement shot and killed two United National Party candidates during the campaign and warned voters to keep away from Jaffna. Turnout in the district was poor, with streets deserted after the explosions and many shops closed.

The Tamil United Liberation Front has denied any links with the guerrilla movement. In a statement, the party dissociated itself from the killings of the United National Party candidates and appealed to Tamil youths in the guerrilla movement to give up violence. Leaflets bearing the tiger emblem of the guerrillas were distributed in Jaffna calling on Tamils to boycott the elections. The guerrillas threatened action against Tamils who support the United National Party.

Army Crushed Mutiny In South, Sudan Says

The Associated Press

KHARTOUM, Sudan — The army command said the action also involved attacks on rebel forces at a military post in Fiber, 105 miles northeast of Bor.

In the past seven months, Western diplomats in Khartoum have reported that some southern units had refused orders to rotate to the north for service.

Western diplomats reported last February that northern units had been sent to the south after the massacre in January of 14 northern merchants at a train station. The south is primarily English-speaking black and Christian or summer, while northern Sudan is Arabic-speaking and Moslem.

Though the extent of this week's fighting was unclear, it appeared to be the most serious breach of the north-south peace since 1976, when the government announced it had thwarted a rebellion in the southern city of Wan, but only after three high-ranking officers were assassinated.

That was followed by announcement of the arrest of three members of the regional assembly on charges of plotting against the government.

The tribal communities of the south have had regional autonomy since 1972. But in recent months there have been signs of renewed opposition to rule by the north.

On Jan. 18, southern tribesmen murdered 13 Arab merchants in the town of Abyei. This and other acts of violence have been blamed by the government on banditry.

A prominent southern political leader, Joseph Tomura, said at a political meeting in January: "Everywhere in the southern region people have remained poverty-stricken. Ignorance and disease still prevail, and there is a breakdown of morale within our society."

Rallies in New Caledonia

The Associated Press

NOUMEA, New Caledonia — Demonstrations both for and against independence attracted the largest crowds in the history of New Caledonia to signal the arrival here Wednesday of Georges Lemoine, French secretary of state for overseas departments and territories.

The International Herald Tribune and the High Council of Chambers of Commerce, Industry and Navigation of Spain invite you to

Meet the New Spanish Government



May 30 and 31, 1983 in Madrid

The election of a Socialist government in Spain is of particular significance to the international business community. After initial steps characterized more by pragmatic moderation than by left-wing ideology, the government of Felipe González is being closely watched to see whether it will succeed in restoring economic health to the country.

To help senior executives of foreign companies assess the prospects for their activities and investments in Spain, the International Herald Tribune and the High Council of the Spanish Chamber of Commerce have organized, with the cooperation of the Spanish government, a conference on "New Spanish Economic Policies" to be held May 30 and 31 at the Palace Hotel in Madrid.

The conference will be addressed by Felipe González and those members of his government most directly involved in formulating and implementing the policies that will affect business in Spain. Additional presentations will be given by bankers, businessmen and trade union officials.

The proceedings will be chaired by José María Figueras, President of the High Council of Chambers of Commerce and Lee W. Hueston, Publisher of the International Herald Tribune.

Each session will be followed by a question and answer period and simultaneous English, French and Spanish translations will be provided at all times.

To register for this exceptional international conference, please complete and return the registration form below today.

MAY 30, 1983

GENERAL INTRODUCTION TO THE NEW SPANISH ECONOMIC POLICY

Felipe González, President of the Government

FOREIGN POLICY

Fernando Morán, Minister of Foreign Affairs

FOREIGN TRADE

Guillermo de la Dehesa, Secretary General of Commerce

LUNCHEON ADDRESS

Miguel Boyer, Minister of Economy and Finance

FINANCIAL AND MONETARY POLICY

José Álvarez Rendueles, Governor of the Bank of Spain

Miguel Ángel Fernández Ordóñez, Secretary of State for Economy and Planning

PANEL OF SPANISH AND FOREIGN BANKS

Chairman: Rafael Temes, President of the Spanish Private Banking Association

Alejandro Albert, Managing Director, Banco Hispano Americano

Henri Lamarié, Vice Chairman and Chief Executive Officer, BNP, España S.A.

Richard W. May, Vice President and Country Manager, The Chase Manhattan Bank N.A.

LUNCHEON ADDRESS

Victor Pérez Díaz, Professor of Sociology, Madrid University

TRADE UNION POLICY

Nicolás Redondo, Secretary General of UGT

Marcelino Camacho, Secretary General of CCOO

SOCIAL POLICY

Joaquín Almunia, Minister of Labor and Social Security

CONFERENCE REGISTRATION FORM

Return to: International Herald Tribune, Conference Office

181, avenue Charles-de-Gaulle, 92521 Neuilly, France

Or telephone: 747 1263, ext. 301, or telex: 612832

Please enroll the following participants for the conference to be held May 30 and 31, 1983 in Madrid. The participation fee is US\$575 or the equivalent for each participant.

Please invoice Check enclosed 19.5-83

Name _____

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Fees are payable in advance of the conference and will be returned in full for any cancellation that is postmarked on or before May 15. A cancellation fee of US\$150 will be incurred after this date. Cancellations received by the organizers less than 3 days before the conference will be charged the full fee. Substitutions will be accepted at any time.

HOTEL RESERVATION FORM

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A block of rooms has been reserved for participants at preferential rates. Reservations must be received by May 23.

Please reserve accommodations for nights of May 29 and 30:

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Asia's "town" is like none other on earth. Look closely and you'll see every block in it is architecturally, culturally and ethnically unique.

elared in Sri Lan
mbs Disrupt Vote

Decay of Mexico City Serves as Warning to Developing Countries

By Alan Riding
New York Times Service

MEXICO CITY — Fed by the emissions of 2.4 million vehicles and 35,000 factories, by the smoke from burning garbage dumps and the dust thrown up by a dry lake bed, a huge blanket of brownish smog covers Mexico City most days.

The stories spawned by the city's pollution are graphic — the 11,000 tons of waste material dumped into the atmosphere daily, the doctors who come from all over the world to study new respiratory diseases, the canary that was left in a cage on a central street corner and was dead within an hour.

Yet it is an indication of the dimension of the city's crisis that its infamous grumpy air has barely

This is one in a series of occasional articles on major cities of the Third World.

stirred comment among local people. The air, after all, is free and universally available while every other essential for survival in the world's largest city is not.

Successive governments have struggled to provide such basics as water, electricity, food, housing and transportation, but they have been overwhelmed by a population that has doubled in the last decade. For most of Mexico City's 16 million inhabitants, living conditions remain woefully inadequate.

The appalling urban problems here are typical of the plight of many cities in the Third World that are more and more choked by their uncontrolled population growth. The increase is the result not only of the mass movement from rural areas but also of the high birthrate.

What distinguishes Mexico City from other Third World capitals is not the nature but the scale of its problem. Other cities have slums, but here they house five million people; other cities have air pollution, but Mexico City has probably the world's worst; other cities have congested highways, but few can compete with this capital's traffic jams.

Mexico City's growth and gigantic size are alarming and of all known proportion. President Miguel de la Madrid Hurado said during his election campaign last year, "Demography distorts the profile not only of the city but also of the entire country."

Like his predecessors, Mr. de la Madrid has therefore pledged to improve the quality of life here.

But with the country in its worst economic crisis in more than 40 years and the dry government almost bankrupt, an acute shortage of resources prevents any dramatic new spending programs.

Still more alarming, the government is unable to prevent the Mexican capital from continuing to grow. By the turn of the century, Greater Mexico City, sprawling far beyond the limits of the Federal District, will undoubtedly have 30 million to 35 million inhabitants, more than the population of many nations.

Already Mexico City is a warning to other developing countries where centralized government, a high birthrate, neglect of agriculture and the rush to industrialize have combined to encourage migration to the cities. Twenty percent of the country's population lives here.

Mexico City's location compounds its problems. Standing 7,400 feet (2,260 meters) above sea level and surrounded by mountains and volcanoes, its thin air contributes to photochemical smog that remains trapped in the Valley of Mexico. It is also in an earthquake zone and is slowly sinking into its soft subsoil. Finally, it is far from ports and supplies of water, food and energy.

The fact that Mexico City grew

up where it did can be explained only historically. Since 1500 B.C. the Mexican highlands have had military and political dominance over the rest of the country. When the Spanish conquistadors arrived here in the 1520s it was natural for them to build Mexico City on the site of Tenochtitlan, the Aztec capital.

During three centuries of Spanish rule, Mexico City was the seat of a viceroy whose colony stretched as far north as California and as far south as Costa Rica. This was not only the political, cultural and religious capital of Mexico, but eventually it would also be its industrial, financial and commercial capital. For the center of power to be anywhere else was unthinkable.

The destructive transformation of Mexico City began only during World War II, when the shortage of goods previously imported from the United States and Europe forced the country to industrialize.

The factories logically built in the largest urban markets, drew the first wave of migrants, drew the country.

This development model has been maintained since then. Through the 1950s and 1960s, peasant migration to the capital from the arid states around Mexico City accelerated dramatically. New slums, or lost cities, as they are known here, appeared almost weekly as squatters seized every available plot of undeveloped land.

Without even minimal services, the migrants claimed to be better off than they were in the countryside and encouraged their relatives to follow them.

During this boom, environmental concerns were suspended in the name of development. Factories were allowed to pour their smoke into the air and their industrial waste into drains fed into the country's rivers. New housing developments for the middle classes stretching north into a so-called satellite city, consumed wooded areas at an alarming rate. The sprawling urban surface of Mexico City doubled in two decades.

By the 1970s the government began to preach the virtues of decentralization, first of industry and, theoretically, later of government. But the city's population continued to grow by 4.6 percent a year, with bureaucrats drawn by power, business by markets, and migrants by jobs.

The problem of air pollution is closely associated with the traffic, not only because cars spend hours moving slowly but also because the city's poorly serviced buses spew out thick black diesel fumes.

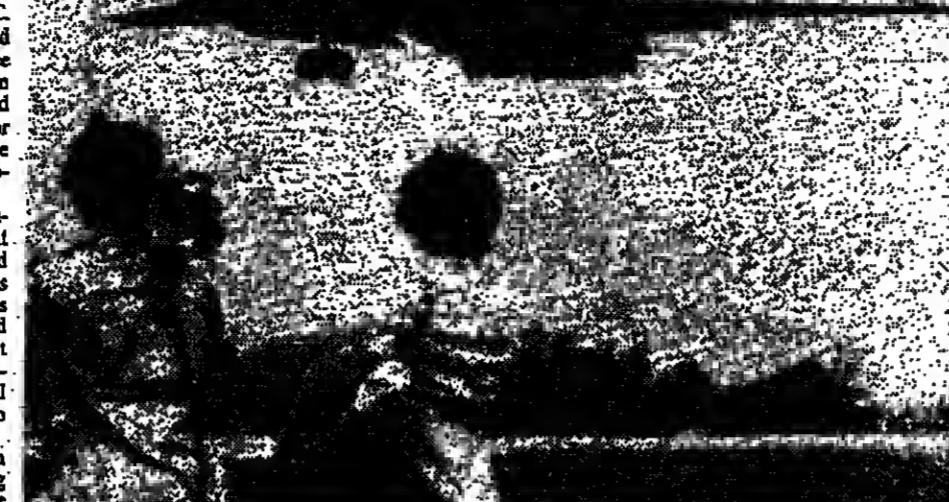
But the main preoccupation of the poor seems to be housing. Officials estimate a deficit of 800,000 homes. Since squatters have no legal title to their land, they are reluctant to improve their shacks for fear of eviction.

Mr. de la Madrid has organized a series of "popular consultations" to analyze the urban disaster. In our discussion, Mr. de la Madrid added: "The inhabitant of Mexico City is increasingly irritated, frustrated and desperate about transportation. Those who most suffer are the poor, but even those fortunate enough to own a car get caught up in traffic jams that at times are chaotic and on some days are truly catastrophic."

The government has few choices. While the prices of most public services have risen, transportation fares have been held down for fear of an angry reaction. A ride on the subway still costs the equivalent of less than a U.S. penny.

New housing projects and investment in water and electricity have been postponed because of the economic crisis, while increased unemployment and high inflation have brought new hardship to sums.

The fact that Mexico City grew



United Press International
The Chinese jet hijacked two weeks ago left Seoul on Wednesday to return to Beijing.

Taiwan Questions Seoul on Talks

United Press International

TAIPEI — Taiwan expressed grave concern Wednesday over the first official contact in more than 30 years between Seoul and Beijing which were forced to negotiate over a hijacked Chinese plane, the Foreign Ministry said.

Foreign Minister Chu Fu-sung summoned Ambassador Kim Chong Kon of South Korea to the Foreign Ministry on Wednesday for the third meeting since a Chinese passenger jet was hijacked to Seoul on May 3. South Korea maintains diplomatic ties with Taiwan and has no relations with China.

A Foreign Ministry statement

said Mr. Chu "expressed grave concern and asked South Korea to clarify the testimony made by Lee Bum Suk, Seoul's foreign minister, on the negotiation with China and the relations between South Korea and Taiwan."

But South Korea turned down a Chinese demand to return the six armed hijackers and said they would be tried under South Korean anti-hijacking laws. The trial could lead to the expulsion of the five men and one woman to Taiwan, where they were seeking political asylum.

Eighty-seven passengers and eight crew members of the hijacked plane were returned to China last week, and the jetliner arrived home Wednesday with the remaining crew member.

Cyprus Secession Plan Is Assailed

Kyprianou May Go to UN to Block Turk's Proposal

By Bruce Clark
Reuters

ATHENS — President Spyros Kyprianou of Cyprus strongly condemned as "totally irresponsible" on Wednesday a proposal that the Turkish Cypriot minority declare an independent state on its side of the island.

Mr. Kyprianou, in an interview, said his government might seek a meeting of the United Nations Security Council if such a move went ahead.

On Tuesday, The Times of London quoted the Turkish Cypriot leader, Rauf Denktash, as saying he would formally propose that northern Cyprus declare itself independent and seek international recognition.

Mr. Kyprianou said: "I condemn completely all these threats. They are totally irresponsible."

"I think such a move would be to the detriment of the Turkish Cypriots. We are in touch with various governments and we have indicated we are watching the situation closely. If this situation continues, we don't exclude the possibility, as a first step, of convening the Security Council."

Cyprus has been divided into Greek and Turkish sectors since Turkish troops occupied northern Cyprus in July 1974, after Greek officers led an unsuccessful coup against the Cypriot government of Archbishop Makarios.

The Turkish foreign minister, Ilter Turmen, said Tuesday that the Turkish Cypriot minority would declare independence if certain talks between Greek and Turkish Cypriots proved fruitless.

Mr. Kyprianou said Wednesday: "Mr. Denktash and Ankara are reacting to the resolution. Perhaps they didn't expect the result."

The UN resolution, sponsored

by a group of nonaligned countries, was supported by three European Community states — France, Ireland and Greece — as well as East-bloc and developing countries. Other EC members and the United States abstained.

Mr. Kyprianou said he thought

the Reagan administration could put more pressure on Turkey to move toward a solution.

"Turkey depends entirely on the United States from the military and economic point of view," he said. "The continued occupation of Cyprus is carried out with American arms, given to Turkey for defensive purposes. If one wanted to be crude, one might say the American taxpayer subsidizes the occupation of Cyprus."

He added that the United States had told him it had no intention of putting forward concrete proposals on Cyprus, but that it would help the efforts of the UN secretary-general, Javier Pérez de Cuellar.

According to Greek press reports, some U.S. officials want progress on the Cyprus issue so as to make U.S. military bases in Greece more acceptable to Greek public opinion. The future of the bases is currently being negotiated.

Mr. Kyprianou said he was aware of the reports, but added that in principle the issues were not related.

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INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

Conservatism Verdict

The chief executive, having won office in a surprising victory, has instituted novel economic policies, cut back on the scope of government and pursued an assertive foreign policy. The results are generally disappointing: Inflation is way down, but unemployment is at record high levels, and the promised economic growth from a liberated private sector has yet to occur. Yet the consensus is that the chief executive will win a second term in office for her party.

Yes, we're talking about Britain and Margaret Thatcher. Reagan boosters in the 1980 campaign liked to cite Mrs. Thatcher, who became prime minister in 1979, as a precedent. Later, as the British economy faltered and her popularity fell, one could hear from the White House that these two conservatives were actually following different policies. But if Mrs. Thatcher's Conservative Party wins a second term in the June 9 election, as predicted, talk about the similarities may again be in the air.

Working in favor of Mrs. Thatcher is the weakness of the opposition Labor Party. Its policies of unilateral nuclear disarmament, withdrawal from the European Community and more state involvement in the economy are not popular, and few voters appear in see its leader, Michael Foot, as a strong prime minister. Its working-class base, moreover, has been shrinking. Under stronger leaders, with

more popular policies, the Labor Party since 1970 has won no more than 39 percent of the votes — about what George McGovern won in 1972. Labor is getting about 34 percent in the polls now.

The outcome is not certain; the party of the prime minister who called three of the last four British elections has lost. And the British parliamentary system — so often bafled by a panacea for U.S. problems — allows a party with limited support and strong opposition to win and to govern, if the opposition is split. That's not the case now: Mrs. Thatcher's Conservatives are getting about 47 percent in the polls, while the Social Democratic-Liberal alliance, which led the polls in Britain before the Falklands War, has and respected leaders, should gain votes, the race could tighten up.

So there are plenty of special circumstances in distinguishing the British situation from the American. A Thatcher victory in 1983 is an guarantee of a Reagan victory in 1984. More over, though in Britain's 212-party system 47 percent of the vote is a landslide victory, in the United States in a two-candidate race it's a defeat. Still, a Thatcher victory, on the heels of the Christian Democratic victory in West Germany last March, would refute part of the conventional wisdom that parties of the right cannot win in times of high unemployment.

— THE WASHINGTON POST.

The UN Could Develop A 'Star Wars' Defense

By Richard H. Ullman

PRINCETON, New Jersey — If President Ronald Reagan is serious about developing leak-proof anti-missile defenses to enable the United States to cease relying on the "specter of retaliation" for escaping mass destruction, he should assign the task in the United Nations.

The United Nations? The organization that so often, when the chips are down, seems so impotent? The eyes glaze over. But before dismissing the notion, consider the following:

The president correctly deems as "unthinkable" the vision of "an endless future with both of us sitting here with these horrible missiles aimed at each other, and the only thing preventing a holocaust is just so long as no one pulls the trigger." But he incorrectly supposes that there is a unilateral way out. Only a combined effort in developing anti-missile defenses — one that joins the resources of the United States and the Soviet Union — can prevent a separate effort by one country from isolating the other in developing countermeasures, thus fueling the ever more dangerous arms race that Yuri Andropov envisioned in a recent letter to American scientists.

Mr. Reagan himself suggested that in 20 or so years, when the United States may have readied the new technology, whoever is president "could offer to give that same defensive weapon to [the Russians] in prove in them that there was no longer any need for keeping these [offensive] missiles." That suggestion misses the point, however. A prudent Soviet leader would scarcely wait until 2003 to see if the occupant of the Oval Office were well-disposed. The Kremlin would suppose that Washington would use its new found vulnerability in coercing concessions from Moscow. After all, that is what Moscow might do if the tables were turned and it held the technological trump cards.

But would a joint effort mean shar-

ing the most closely held secrets of space-age research? Of course it would. Only open collaboration could reassure either side that the other was not on the verge of a breakthrough that would suddenly enable it to render its opponent helpless. For both governments, accustomed to secrecy, the price would seem high. But the price — in resources and in international tension — of maintaining the wall of secrecy would be very much higher.

Soviet-American collaboration is the essential precondition for assuring that an effort to develop anti-missile defenses would not merely engender greater uncertainty and therefore greater fear. But once national secrecy was breached, placing the effort under UN control would provide crucial benefits. The scientific community upon which Mr. Reagan called is international, not national. So is the distribution of wealth.

The United Nations could recruit scientists and funds from many countries. After all, the sword of nuclear war hangs over the whole world. Assuming the Star Wars technology could be made to work, a UN space station would be able to intercept a Soviet missile on its path toward North America. It might also intercept a Libyan missile aimed at Israel or a South African missile aimed at one of its neighbors. If such attacks seemed futile, the cause of nuclear nonproliferation would advance substan-

tially.

Whether the technology can be made to work is, of course, the crucial question. Since the president's speech, on March 23, respected scientists have stated that, desirable as it may be, a leak-proof shield against offensive missiles cannot be achieved. That uncertainty makes it all the more imperative that the effort should be international, its results made public, with any defensive systems actually deployed placed in international hands under arrange-

ments making national vetoes impossible.

Such arrangements imply far-reaching changes in Soviet-American relations. The two would not have to agree on every divisive issue. But they would have to agree that it is intolerable to maintain the peace by mutual threats of mass extermination.

They would have to limit their strategic offensive forces in ways that would prevent them from subverting the anti-missile regime, ultimately they, and other nuclear powers, should be able to drastically reduce their offensive missile forces.

Finally, it should be emphasized that a UN missile defense, radical a

U.S. Land, Resources In Danger

By William A. Turnage

LOS ANGELES — After an eight-month investigation, a House subcommittee has documented what the Wilderness Society has been charging for nearly a year: Secretary of the Interior James G. Watt is trying to give away the United States' natural-resource wealth to private industry.

In a 121-page report, Watt was called to task for allowing coal companies to obtain federal coal at "fire-sale" prices and failing to ensure that the public gets fair market value for its coal. But what the report neglects to mention is that Watt's coal "giveaway" is only a small part of a zealous, ideologically based campaign by the Reagan administration to turn over to corporate interests the lands and natural resources rightfully belonging to all Americans.

This transfer of national wealth to private hands has come in be known as "privatization" or "asset management" — a misnomer if there ever was one. Its most obvious component is the sale of public lands.

When the program was announced and the Property Review Board created to manage it, the administration implied that only "surplus" government properties were due for the auction block. But it has become clear that the administration has set its sights on valuable natural-resource lands. In March it was announced that the U.S. Forest Service had selected for possible sale about six million acres of national forests.

Advocates of privatization argue that these lands are liabilities. Their arguments bear little if any resemblance to economic and land-management realities. It is shortsighted to finance budget deficits through the sale of valuable resources. If properly managed, these resources are capable of generating billions of dollars in revenues year after year. Moreover, these advocates rather cavalierly overlook the many values of the public lands — watershed protection, recreational opportunities, scientific research, wildlife and wilderness preservation — that cannot be measured in stacks of greenbacks or easily replaced once alienated or destroyed.

Clearly there are surplus government properties and isolated parcels of federal land with no public value. They should be sold where possible. But the Forest Service proposal and the Property Review Board's plan go far beyond this, violating the Federal Land Policy and Management Act and the National Forest Management Act.

These laws were enacted in the 1970s because Congress concluded that the remaining U.S. lands were invaluable and should therefore be retained in perpetuity and managed for "multiple use." This means that commercial values of public lands — timber, oil and gas, hardrock minerals — must be balanced against other important but "nonmarket" values: the vast U.S. heritage of historical, cultural, recreational, wildlife, watershed and wilderness resources.

Perhaps foreign businesses are the best buyers. They may grumble and there is much to try their patience, but the overwhelming majority of them are staying put. Some made annual returns on their investments of 200 to 300 percent in the good years, and now they are prepared to bring in some of their own reserves to keep up the goodwill and retain their foothold. A diplomatic observer said: "They are not here because of some missionary appeal. They are here to take a risk."

The business community is relatively sanguine. There is a degree of optimism that oil prices will return in higher levels once the Western economy moves out of recession, and a recognition that this society, like that of Brazil on the other side of the South Atlantic, is unmistakably on the move.

Is capitalism gone mad? Some may think so. General Obasanjo comments: "It's just buying and selling, not producing." Yet while there is some truth in this, and Nigeria is in danger of having built many of its new concrete castles on shifting sand, this is not the whole picture. It is generally accepted that Nigeria has misspent much of its vast oil revenues. The stories of a fumbling bureaucracy, six-month delays at the ports, a new capital city at Abuja costing millions of dollars with little to show, can be repeated aplenty. Yet to other country in Africa, except South Africa, has a road system as

developed or well-managed. School buildings have bounded ahead and business deals are still being made by the minute.

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Nigeria is one of those developing countries that, for better or worse, has broken loose from the old mores. Tightly structured, traditional societies have less leeway for economic improvement. Nigeria, while still replete with traditional values — without kinship support or the chance of going back in the family farm when times are rough, Lagos would be an inferno — has crossed the threshold from ancient to modern. The village does not tie its sons and daughters down with restrictive demands. Young people are expected to go out into the world and do well.

Perhaps the best answer to those who are depressed by the tenacity of Nigeria and the endless rows of slums is to recall what the small towns of Oklahoma and Texas were like only 80 years ago. The search for oil was so fast and furious that people had no time to build decent houses or pave streets. Lagos would be an inferno — it has crossed the threshold from ancient to modern. The village does not tie its sons and daughters down with restrictive demands. Young people are expected to go out into the world and do well.

A Saudi loan and an IMF agreement are mentioned as palliatives: down the road — too long a road. In the short term, before such arrangements are in place, U.S. and European banks should step in quickly with short-term credits. The U.S. government can support them with noncommercial credit guarantees. IMF loan conditions, which are expected to be in place by early fall, should encourage bankers to act now.

It is in the United States' interest to respond flexibly and urgently to help Nigeria maintain the stability of its democratic institutions. Nigerians are determined that their democracy should survive. The citizens of the U.S. democracy should help.

The writer, professor of history at the State University of New York at Purchase, recently returned from one of her frequent visits to Nigeria. She wrote this article for The New York Times.

International Herald Tribune



Two Aspects of Nigeria: A Snap in the Air . . .

By Jonathan Power

LAGOS — On the high-speed road from Ibadan to Lagos was a truck racing along at the breakneck pace usual for this part of the world. Embazoned on its side was the inscription: "Why worry — Psalm 91."

The mood in Nigeria may not be quite as ebullient as when oil prices were high. But without a doubt there is still a refreshing snap in the Nigerian air.

There is no end of critics, domestic and foreign, ready to predict the worst about Nigeria. Even in the best of times the sewers run foul, the telephones and power systems worked indifferently, corruption was an everyday event among high and low, and on occasion, unclaimed bodies were left for two or three days on the Lagos streets. One could say the worst without fear of contradiction. The presumption is that, now that oil prices are falling, the

country can only slide still further. There is, however, another side in the picture. The truck driver's slogan summed up part of it. By and large, Nigerians are not embittered by what has happened to oil prices. There is an effervescence in this society that has no parallel in the rest of Africa.

It manifests itself in myriad ways. You can see on the hottest, most humid days people running to work or to an appointment. Jogging shoes are one of Nigeria's principal imports. Billboards are splashed with advertisements for body-building vitamins. The traffic jams down four-lane highways. When traffic jams up in the cities, hawkers try to sell motorists everything from soap to chandeliers, indeed appearing carts enough in sell you your own car if you stepped out of it for a moment

to stretch a limb. As Olusegun Obasanjo, Nigeria's last military president, notes, it is as if Nigerians believe today is their last day on earth.

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International Herald Tribune

... and Trouble That Needs U.S. Aid

By Jean Herskovits

PURCHASE, New York — The next three months are critical in the future of democracy in Africa. Nigeria, a major oil producer and the world's fourth-largest democracy (its 90 million people constitute a quarter of Africa's population), is in the midst of an intense political campaign leading up to elections in August. In 1979, the army handed over power to a civilian government with a constitution based on the U.S. model.

This test of Nigeria's fledgling democratic institutions comes at a time of dire economic circumstances, created in large part by the world recession. Fifty years ago, depression brought down democracy altogether in Europe, and, as a U.S. banker commented recently, "the present conditions in Nigeria would topple any government in the West." The U.S. government and American banks should join European banks to alleviate the pressures.

Nigerian elections are often a time for bread and circuses. But economic circumstances have made a difference this time. In the past year, President Shehu Shagari has implemented two sets of austerity measures, including cutting back severely on imports and revising debt servicing procedures. He is determined to maintain these measures and has opened talks with the International Monetary Fund. Nigerians say the crisis may be temporary, forcing them to confront skewed priorities and corrupt practices. Still, no economy can be restructured overnight.

At the moment, Americans are compounding Nigeria's problems. Oil producers in trouble don't get much sympathy in the United States. Nor do Third World debtors. And U.S. banks are nervous about their overexposure in Brazil, Mexico, Zaire and Poland. By comparison, Nigeria's long-term debt — less than \$10 billion — is relatively small (Mexico's is \$85 billion, Venezuela's nearly \$30 billion, Poland's \$27 billion). And the Nigerian debt is being dutifully serviced. But U.S. commercial bankers and the administration, which have already rescued some major debtor countries, have not been eager to help Nigeria through its short-term crisis of commercial arrears and credits for essential imports.

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FRANCE

A SPECIAL REPORT

EC Fears Fade; Rift Is Averted

By Craig Anderson

BRUSSELS — A year ago, there were worried faces at the European Community headquarters in Brussels. With President François Mitterrand in the Elysée Palace and full details emerging of plans to help French companies win back the domestic market, it seemed possible that Paris and Brussels would clash.

Scrutiny of the French initiatives for "reconquering the internal market" was intense and unprecedented by EC officials who were concerned that a protectionist trend within France could harm the 10-nation community.

Sector by sector, EC officials examined programs involving special deals for textiles, footwear, furniture, toys, machine tools and microelectronics to determine their compatibility with EC rules on import barriers, state aid and government incentives.

Now, 12 months later, initial fears have largely evaporated. Commission officials are weeding out elements of French industrial and commercial policy that are regarded as contrary to EC rules on competition and free trade. But the all-embracing program drawn up by France's Socialist administration is no longer seen as a threat to EC stability or to relations between the community and its main trading partners.

The reasons for this change in attitude appear to be simple. First, some projects have failed to make the transition from rhetoric to reality. Others have turned out to be simply a coordination of existing policies.

"There was a lot of window dressing," said Bertrand Van Van Vootst, a senior aide to the EC's competition commissioner. "Various measures were presented as new plans when in fact they were just a new form for already existing policies."

Also, a number of intentions have not been achieved, either for budgetary reasons, due to criticism from outside — including from ourselves — or because of conflicting national interests, between traders and manufacturers, for example."

Now has the attempt to persuade the French people to buy French worked as hoped.

"You can see in the statistics that however much they have tried to do it, it did not really help," said Mr. Van Vootst. "The deficit vis-à-vis the other European countries has risen rather than diminished."

"We have investigated it, and we do not have the impression that the 'reconquest' policy has been very successful in that respect. I think you could say in fact that what is going on in France today under the umbrella of the 'measures françaises' is not very different from what has happened in France over the past decade."

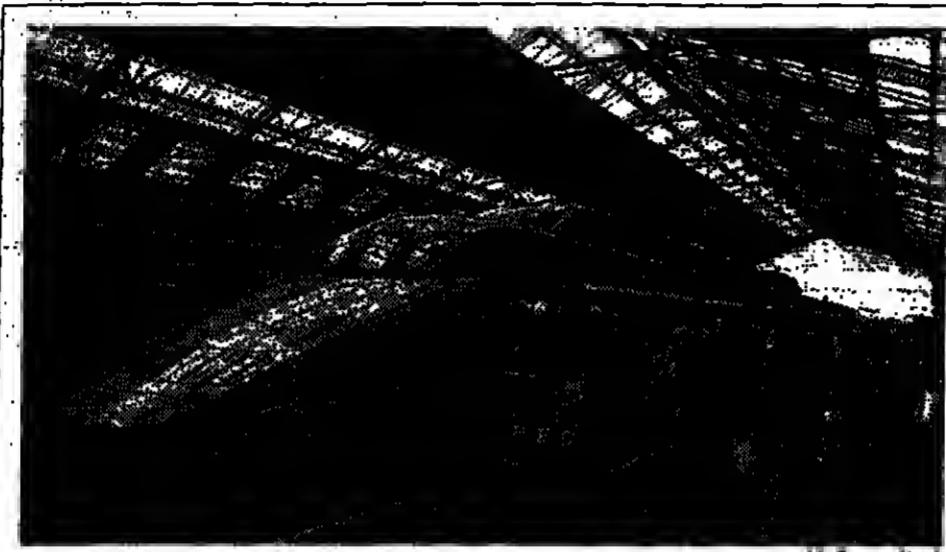
Not every plan has failed to materialize, however. France went ahead with programs to aid the country's textile industry through sizable injections of public money despite a subsequent decision by the EC that the plan did not fit the organization's requirements on state aid to firms reporting losses.

The commission has persuaded the minister in charge to enter into negotiations to work out an acceptable plan. The commission argues that the French plan would have meant substantial investments to modernize the industry without parallel loans.

This would only have served to boost production in an industry that is already crippled by excess capacity. This would run directly counter to EC competition policy at a time when competition commissioner Frans Andriessen has singled out state aid as the key threat to the maintenance of free competition between European firms.

The French government attracted attention beyond Europe as well.

(Continued on Following Page)



A TGV from Geneva arrives at the Lyons railroad terminal in Paris. John Capos/Paris

TGV, Lille Métro Lead Mass Transit Achievements

By Harriet Welty Rochefort

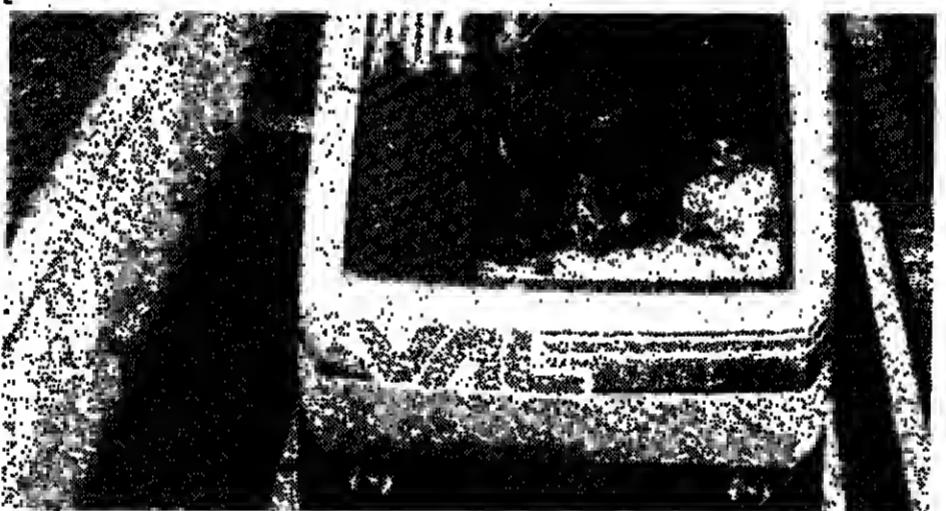
LILLE — French successes in the aeronautical industry from Airbus to Ariane are well known. Less widespread, however, is recognition of the giant steps the French have made in developing mass transit systems.

Over the last decade, French engineers have developed the high-speed train known as TGV, for Train à Grande Vitesse, which by the fall will shave another 30 minutes off travel time from Paris

to Lyons, making the trip in just two hours. The sophisticated technology of the Paris Métro has been exported to such diverse spots as Montreal and Mexico City. And in the northern French city of Lille, the first entirely automated Métro in Europe is beginning service.

Experts attribute much of the impetus for developing efficient, urban mass transit systems to a European tradition of political involvement in public transportation. For instance, in France

(Continued on Page 95)



Young passengers crowd around front window of the driverless Lille Métro train. John Capos/Paris

Growth of Nuclear Defense Deterrent Has Brought Both Prestige and Problems

By Joseph Fitchett

PARIS — The continual growth of the French independent nuclear deterrent, accelerated by the Socialist government, has brought France both prestige and a new crop of problems with allies in Europe and potential adversaries such as the Soviet Union.

The problem vis-à-vis France's allies is military. As France, without joining NATO's command, threw its weight into the Western camp, helping maintain the balance of power in Europe and reinforcing deterrence?

With the Soviet Union, the problem is political. As France acquires more warheads capable of hitting Soviet territory, Soviet leaders increasingly contend that French forces should supplement U.S.-operated missiles in Europe — or at least be counted against them in totals under discussion in arms control talks.

French planners, explaining these concerns, say that the two problems come together for France in West Germany, the country lying between France's border and the Warsaw Pact countries. The challenge, they say, is to enhance French strength in order to reassure West Germany as an ally and keep stability in Europe, while avoiding any measure that would

strengthen anti-nuclear, pacifist factions in Europe or weaken U.S. involvement in the defense of Europe.

So, when the Soviet leader, Yuri Andropov, recently hinted at a possible reduction of Soviet SS-20 missiles to a level that corresponded to the number of French and British nuclear missiles, French officials immediately rejected the suggestion, arguing that U.S. weapons are needed in Europe to restore the East-West equilibrium, which has slipped recently toward a Soviet advantage.

Outspoken French statements on East-West strategic debates of this kind is a new, major political factor in the defense policy of President François Mitterrand. France has been largely silent on such questions for years, since De Gaulle withdrew France from the North Atlantic Treaty Organization. Now, however, as François de Rose, former French ambassador to NATO, noted: "The present French government has shown more public concern over the problems of defense within the framework of the alliance than its predecessors."

The French government has vigorously supported NATO's plans to deploy new U.S.-controlled Pershing 2 and cruise missiles in West

Germany, Britain and Italy to match the SS-20s being installed on Soviet territory. Mr. Mitterrand, during the recent West German election campaign, used an appearance before the German parliament to call for stronger Western nuclear deterrence. To reinforce the French argument, he took an unprecedented step for a French leader, offering political discussions with West Germany about common defense concerns including nuclear matters.

Mr. Mitterrand's speech was seen widely as providing support for the firm pro-NATO stand of West Germany's Christian Democrats. In the election campaign that led to the party's defeat of the West German Socialists, the missiles were an important issue.

Underlying Mr. Mitterrand's new public diplomacy on defense issues, the Socialist government last month provided unusually detailed public explanations of its military planning when it released a proposed defense budget for the coming five years.

The spending showed a pattern of increasing emphasis on nuclear deterrence at the expense of conventional forces, but it also revealed an interesting new development — a new battle group intended to enable France to play an

more effective role in the event of a Warsaw Pact attack.

Some commentators remain skeptical about the Socialists' plans, pointing out that French economic problems may undermine the ambitious military blueprint. Indeed, much of the heaviest spending in the five-year plan comes in 1988, after the next French elections.

But there is general agreement that the Socialist government is significantly modernizing France's nuclear strike force, the *force de frappe*.

In addition, the government is trying to tackle the problem of how to fit France's independent deterrent into a wider Western context covering the defense of Europe.

The Socialists' defense budget, as explained to reporters by a close adviser of Defense Minister Charles Fiterman, will modernize the French nuclear forces to remain a credible threat to the Soviet Union beyond the year 2000.

At present, the *force de frappe* consists of five ballistic missiles, and a sixth nearing completion: 18 land-based missiles in silos in southeastern France and about 30 aging MIRV IV bombers.

The proposed defense spending — planned to increase by 11 percent in real terms by 1988, a

rate exceeded in NATO only by the United States — will enable France to store more than triple its number of warheads by the mid-1980s.

This increase will be achieved by continuing the plan to fit all the ballistic missile submarines with a new missile, the M-2, which carries six warheads instead of the single warhead of the current generation of French missiles.

In addition, the Socialist government is planning a seventh submarine and a set of measures to improve the survivability of France's military command and control system — including airborne radars and an airborne command post.

The defense budget also calls for a nuclear-tipped stand-off rocket for French bombers and a mobile intermediate-range nuclear missile.

A significant new development, elucidated in recent articles by General Lucien Poirier, who is a leading French strategist, and by Pierre Lelouch, a defense commentator, is the formation of a rapid action and assistance command — a battle group known in French as FAAR.

This force, consisting of five divisions and including a unit of antitank helicopters, will be capable of intervening in Africa and the Middle East, and of providing French reinforcements for Western conventional defense against a Warsaw Pact attack. Its existence should reas-

sure West German and U.S. leaders (and worry Soviet planners) that France is committed to helping repulse any Soviet attack so that NATO does not have to resort to nuclear arms to compensate for any weaknesses in Western conventional forces.

France is also developing new tactical nuclear weapons — including the air-to-ground stand-off missile for bombers — as well as a new form of nuclear artillery known as Hades.

But the Socialist government adheres in public to the Gaulois theory of French nuclear strategy, saying that the *force de frappe* would only be used as a last resort in the event of an invasion of France.

Any attempt to suggest that France might use battlefield nuclear weapons to defend West Germany, officials say, would invite criticism from French Gaullists and disbelief on the part of Soviet planners.

In addition, the argument that the *force de frappe* defends only France, not the West, helps the Socialist government reject Soviet claims that U.S. arms in Europe should be reduced as French forces grow.

But the political dilemma will become more acute as France's nuclear forces become more sophisticated, French officials said.

Widening Economic Crisis Strains Ties With U.S.

By Clyde H. Farnsworth

WASHINGTON — A profound distrust of each other's economic prescriptions is keeping all warmth out of the dialogue between France and the United States, despite what is perceived here as President François Mitterrand's increasingly Atlantic-oriented foreign and defense policies.

The snap from left to center in the March 25 austerity program, followed by the student and shopkeeper demonstrations this month in Paris, has produced less a reaction of sympathy in Washington than a muttering of "I told you so."

While no love is lost for France in the U.S. Treasury, in both the State Department and the Pentagon the feelings are not all that cold toward an ally who has pointed the finger at Soviet "overarmament," worked toward closer French integration into the North Atlantic Treaty Organization military command and expelled 47 Soviet officials accused of espionage.

General Bernard Rogers, NATO's chief military man, has gone so far as to praise the "extremely close cooperation and coordination" that now exists with French military forces, which while true is still the cause of a little embarrassment in Paris.

Aides preparing the seven-nation summit at Williamsburg at the end of May are trying to avoid the fiasco of Versailles a year ago, where misunderstandings mainly between France and the United States envenomed the relationship, at least until last November when President Ronald Reagan lifted his East-West trade sanctions.

A fear that there could be an inadvertent revival of that hoary quarrel over French — and European — participation in the Soviet natural gas pipeline is creating considerable nervousness as

Tourism: Records Shattered as the Franc Falls

Bargain Prices for Luxury Goods and Services Attract Affluent Travelers

PARIS — With the value of the U.S. dollar above 7.35 French francs, France again has become an attractive buy for Americans, and would-be travelers are making their interest known in record numbers, according to French tourism officials.

"We have never registered so many requests for information as we have this year in Chicago and New York," said a spokesman for the French Ministry of Tourism. "All of a sudden, interest in France has doubled."

According to the Chambre Nationale de la Restauration et de l'Hôtellerie, the French hotel and restaurant association, about 930,000 Americans visited France last year. This year, even though more tourists are expected and more French citizens are expected to vacation in France instead of abroad because of strict new currency controls, association officials do not fear a squeeze on hotel rooms.

"For the moment, there is no problem of undercapacity in hotels in July and August," said Catherine Magrin, a spokesman for the hotel and restaurant group. "French people traditionally are more used to camping or family vacations, and when they do go to hotels, they are generally two-star ones."

So far this year, tourism officials have noted, Americans are traveling in style. "We have had a definite increase in the deluxe category," said Jean-Claude Murat, president of the French travel agents association. "The quality of life [movement] is spreading in the States, and it is amazing to see how sophisticated Americans

have become. Two or three years ago, Americans, even rich Americans, used to complain about the prices of restaurants. Now, for a \$100-a-day tour, they can have a room at a good hotel and dine at the *Tour d'Argent*."

An official at the Ministry of Tourism said that its offices had received numerous inquiries from potential travelers below the luxury level. But Mr. Murat said that, in the experience of his group, less affluent travelers seemed to be staying at home. "The swelling of the dollar value just does not compensate for the economic situation in some regions of the U.S.," Mr. Murat said.

Americans who do come to France are taking advantage of the foreign-exchange rate in purchasing quantities of luxury items such as perfume and designer scarves. According to Max Cohen, director of Michel Swiss, a major store selling tax-free perfume and cosmetics at discounted prices, business is booming. Mr. Cohen said he thought that more Americans were coming to Paris earlier than in recent years. However, he cautioned, "They are very happy about the dollar, but you cannot say they are doubling up. The American way of buying has changed. They buy what they need and not to stock up like they did six or seven years ago."

Travel agents and shopkeepers in Paris generally agree that the spending habits of Americans have changed. For one thing, there is more demand for luxury tours. In addition, Americans have become more seasonal as travelers and they expect more value for their money.

Another recent change, according to Mr. Cohen, is that customers are stopping during long trips to other countries to shop, rather than waiting for trips to Paris. Mr. Cohen said these customers have their large orders shipped to the United States.

Many French companies are developing programs tailored for more sophisticated American travelers. For example, Paquet Croisières, a French cruise agency, has invested in bilingual entertainment on its ships. Benoit Georges-Picot, the company's director, said: "With the dollar up, we have been more active in promoting our cruises in the U.S." As a result, 1,000 Americans will board the luxury liner Azur for a 12-day cruise in September at an average cost of \$1,300 per person. "This is the first time a group that large has booked on a European cruise," said an official at Paquet, "and we definitely attribute this to the dollar."

Students have also helped to swell the number of American travelers. Mr. Murat said that offices were flooded with students on tours at Easter. The director of a study-abroad program in France said: "With the dollar up, we have a 50 percent greater enrollment for the fall than we did last year. Some of it is due to better promotion, but a lot of it is due to the dollar."

A strong dollar is encouraging a class of traveler that is both more conscious of value and more adventurous. Mr. Murat said: "They may dine at Bocuse in the evening, but they'll have a picnic lunch in the afternoon."

— HARRIET WELTY ROCHEFORT

BASIC DATA

Area: 551,200 square kilometers. Land used for agriculture: 294,900 square kilometers. Population 1982: 54,091,000. Number of inhabitants per square kilometer: 98.1.

Major cities: Paris (2,317,227 inhabitants), Marseille (914,356 inhabitants), Lyon (462,841 inhabitants).

Total labor force: 23,249,000. Influx of manpower (1981 permanent foreign workers excluding EC nationals): 25,686.

Gross domestic product, at market prices, in 1981 (in billions of francs): 3,094.4. GDP per head (U.S. \$) (1981): 10,552. Gross fixed investment (1981): percent of GDP: 21.2; per head (U.S. \$): 2,232. Origin of the gross domestic product, at market prices (1981): agriculture: 4.2%; industry: 31.1%; construction: 7.3%; services: 57.4%.

Foreign trade exports of goods and services as a percentage of the 1981 GDP: 22.2. Main exports as percentage of total exports: Food, beverages and tobacco: 16.4%; Machinery and transport equipment: 33.2%; Iron and steel products: 8.4%; Chemical products: 12.0%; Textile products: 3.1%.

Imports of goods and services as a percentage of the 1981 GDP: 24.0. Main imports as percentage of total imports: Food, beverages and tobacco: 9.5%; Machinery and transport equipment: 22.1%; iron: 9.5%; steel products: 5.7%; chemical products: 8.6%; mineral fuels, lubricants and related materials: 28.9%.

FRANCE

Foreign Trade by Area (In Millions of U.S. Dollars) (Exports FOB)			Foreign Trade by Area (In Millions of U.S. Dollars) (Imports FOB)				
	1979	1980	1981		1979	1980	1981
World	97,981.2	111,310.8	101,270.4	World	106,874.4	134,852.4	120,496.8
Total OECD	70,008.0	77,902.8	68,233.2	Total OECD	75,373.2	90,099.6	79,558.8
Including:				United States	8,091.6	10,734.0	9,808.8
United States	4,790.4	4,921.2	5,588.4	Japan	2,055.6	2,770.8	2,736.0
Japan	928.8	1,098.0	1,017.6	Total EC	53,920.8	62,424.0	54,370.8
Total EC	52,718.4	57,818.4	48,790.8	Of which:			
Of which:				Germany	19,213.6	21,814.8	19,143.6
Germany	16,857.6	17,836.8	14,973.6	Belgium-Luxembourg	9,656.4	11,272.8	8,974.8
Belgium-Luxembourg	9,604.8	10,399.2	8,384.4	Netherlands	6,471.6	7,308.0	6,930.0
Netherlands	5,238.0	5,420.4	4,468.8	Italy	10,837.2	12,666.0	10,785.6
Italy	11,192.4	13,910.4	11,488.8	United Kingdom	6,009.6	7,285.2	6,572.4
United Kingdom	5,238.0	5,420.4	4,468.8	Total Non-OECD	30,994.8	43,936.8	39,958.8
Total Non-OECD	27,972.0	33,121.2	33,034.8	Of which:			
Of which:				COMECON	3,337.2	5,323.2	5,025.6
COMECON	4,172.4	4,974.0	4,118.4	OPEC	16,611.6	25,128.0	22,192.8
OPEC	7,591.2	9,852.0	10,923.6	Other	11,551.2	14,301.6	13,719.6
Other	16,210.8	18,580.8	17,996.4	Source: OECD			

Source: OECD

European Community Fears Fade; Rift Averted

(Continued from Preceding Page) following another attempt to bolster domestic firms against foreign competition.

In what became known as the Poitiers affair, all imports of video cassette recorders had to be cleared through a tiny inland customs post. This was seen by many observers as an example of flagrantly constructing protectionist barriers. The commission seized on this move, together with a change in customs regulations that required all import documents to be written in French and launched formal proceedings against the government for imposing measures likely to distort trade between member states.

The French-language stipulation has now been watered down following consultations between Paris and Brussels. The Poitiers action has now become superfluous because of a voluntary restraint agreement under which Japan will limit its video cassette recorders to the community as a whole for the next three years. The French government claimed that Japan's willingness to reach such an arrangement was a result of the action at Poitiers. Japanese diplomats acknowledge that the French action was taken into account during the trade negotiations.

Although some EC members, such as West Germany, found the

French action distasteful, others were clearly glad that French protectionism seemed to be working in favor of the entire community.

But France's EC partners seriously argued that the country's policy on external trade has not turned significantly toward protectionism since President Mitterrand took office? Could the willingness of the community to tolerate French attitudes be a sign that Europe itself has moved in the same direction?

The Brussels commission recently published proposed changes in trade protection rules that would make it easier for European manufacturers to take action against what they regard as unfair imports from non-EC countries. Meanwhile, the commission is investigating more complaints of "dumping" by foreign suppliers than at any time in the past.

They also claim that the high number of anti-dumping actions against foreign companies is the result of increased dumping by exporters in the face of contracting world markets, rather than a concerted effort by the commission to keep out unwanted imports.

In fact, Mr. Van Voorst is reluctant to accept that France is becoming more protectionist in its navel. He argues instead that the Mitterrand administration has shown signs of mellowing.

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(Continued from Preceding Page)

keeping our economy open," he said. "And if we fail, it will have far-reaching consequences for the rest of Western Europe and, possibly, the alliance."

The presidential aide was responding to questions about recent statements from radical Socialist leaders publicly challenging Mr. Mitterrand's policies. Former Industry Minister Laurent Fabius, share the running of the government's economic program with a small team of younger advisers at the Elysee Palace, working in close daily contact with Mr. Mitterrand.

"A new equilibrium has been established on the first floor of the Elysee," commented Le Quotidien, a right-leaning opposition newspaper. L'Expansion, a business magazine, in another profile of the workings of the French presidency, described Mr. Mitterrand as "a solitary, protected by his friends, who writes more than he speaks and hates chatty meetings." Political observers generally view him more as a visionary than as a man of action, yet capable of taking tough, dramatic decisions, such as the recent expulsion of 47 Soviet diplomats.

Responding firmly to reports of divisions within the government, Mr. Mitterrand told a May 17 news conference at the conclusion of a two-day French-German summit meeting, that the present austerity policies of Mr. Mitterrand and Mr. Delors had his "entire support." And he emphasized that there was "only a single (economic) policy for France — there cannot be two at the same time."

As far as state aid for new technologies is concerned," Mr. Van Voorst said, "we are now making a link between the authorization of the franc are more aimed at attacking some of the country's structural problems."

France still is applying a number

of financial incentives to assist its industry and agriculture. For example, it is working on specific plans to develop the microelectronics industry, including investing in universities and training facilities as well as research centers. It is also becoming involved gradually in industrial development and marketing.

"There was a marked difference between the most recent realignment [of the European Monetary System] and the previous one," he said. "In the previous one, there was a great temptation in Paris to seek all kinds of protectionist measures as a solution to France's problems."

In this realignment, he said, "apart from the limitation on the amount of money tourists are allowed to take out of the country, the type of measures taken to accompany the latest devaluation of the franc are more aimed at attacking some of the country's structural problems."

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FRANCE

Decade of Effort Brings Breakthroughs in Mass Transit

(Continued from Page 75.)
policy over the last decade has consistently encouraged the development of modern Métro, bus and, now, tramway systems. The Socialist government is continuing the tradition, under the leadership of the communist transport minister, Charles Fiterman.

The most recent and spectacular achievement is the automated transport system called VAL, for Véhicule Automatique Léger, which was scheduled to begin service on May 16. It was developed over five years by the high-technology company Matra and the Lille transit authority, at a cost of \$343 million. The ultramodern system was inaugurated by President François Mitterrand on April 25.

Matra officials, who refer to the system as a "horizontal elevator," insist that VAL is the "most traditional" of the various new types of transport currently on the market. The compact cars are 30 percent lighter than ordinary European subway cars. Barely 2 meters wide and 3.25 meters high, the compact vehicle is designed for maximum efficiency; its smaller size enables it to achieve a 25 percent energy savings. Traveling at 35 kilometers an hour, a two-car coach can accommodate 124 passengers every 60 seconds during rush hour.

But, unlike the Paris Métro system, which is also automatic, VAL operates without drivers, and there are no conductors on the trains. About 250 cameras posted in stations transmit data to a central command post located outside Lille. Passengers can alert operators directly by using special phones placed in each train.

"In a traditional Métro, the driver and the passengers are totally separated," said Daniel Ferbeck, a director at Matra. "In this system there is actually greater safety because the operator at the control post can talk to the passenger and vice versa.

"If there are hoodlums in the train, the operator can

block the doors and call the police, who will be there when the train rolls into the station."

Results of a questionnaire developed by the Lille Métro Company to test public reactions showed that only 12 percent of those questioned feared the absence of a driver, but 24 percent worried about security and the risk of assault in trains or stations.

Special safety features such as automatic platform doors or station platforms have been designed for the Métro. In addition, the stations were deliberately designed with a minimum of long corridors and a maximum of windows and open spaces to discourage crime.

In the event of an accident, Mr. Ferbeck said, operators at the control and command post can slow or stop the train.

VAL has had some minor problems in the experimental stage. A stubborn parasite that attacked the plastic insulation on cables in the tunnels delayed the inauguration for several weeks. Despite problems, however, many officials see the system as a solution to transportation problems in middle-sized cities. Transport experts from Los Angeles and Orlando, Florida, have expressed interest in the system, among others.

Bernard Guilleninot, director of technical services of the urban community of Lille, said: "Lille is the very example of an urban community that could no longer be satisfied with traditional means of transport and could not afford a conventional Métro. We needed to find an intermediary solution."

While VAL has yet to prove itself, the TGV, which was inaugurated in September 1981, has amply demonstrated its popularity and its reliability. In 18 months, 10 million people rode the TGV. Ridership increased from 61 percent the first year to 63 percent this year. Trains now link Paris to Lyons, Marseilles and Montpellier. The SNCF,

the French national railroad, is planning to open a line to Lausanne on January 24, 1984, and is working on a TGV-Atlantique that will link Paris to the west and southwest of France (Quimper, Brest, Tours and Bordeaux).

"In France we are once again beginning to believe in trains as the most economic solution to future travel," said Francis Boulanger, spokesman for SNCF. "The big handicap of planes is the time it takes to get to the center city." According to Mr. Boulanger, France is the only country in Europe where train ridership is increasing at a rate of 2 percent a year. As for the TGV, Mr. Boulanger asserted that its technology was clearly more advanced than that of the rival Japanese. "The French TGV has the advantage of being virtually wedded to the environment so that no slowdown factors such as tunnels, need be built, and the trains can take as much as a 3.5 percent grade," he said.

Mr. Boulanger called the TGV "the perfect solution to link distances of 500 to 600 kilometers" and predicted that it would "transform completely the map of France."

Representatives from the French rail industry and private construction companies have opened an office in Washington. Exports currently represent 4 percent of the French rail industry's annual business of more than 10 billion francs.

A third innovative French transport system is Aramis, a mini-métro that officials hope to put into service by the opening of the 1989 Paris Expo. Negotiations are currently being conducted between the government, the transport authority and Matra, which is designing the system. The advantage of this system, which uses autonomous cars with only four to 12 seats each, is in their availability and frequency of service. Like VAL, Aramis is completely automatic.

Despite Ideology, Nuclear Energy Policy Remains Unchanged

By Leslie de Quilliac

PARIS—Despite promises from the Socialist Party that it would move France away from the pro-nuclear energy policies of its predecessors, the two-year-old government of President François Mitterrand has changed little.

The government's recent reduction of goals for domestic coal production, from 35 to 40 tons of oil equivalent to reportedly about 25 tons, is the most recent demonstration of this. As an Energy Ministry official said recently: "Energy policy in France is a policy that doesn't leave much room for ideology."

Economic and political realities leave France few options. The promised "democratic debate" on energy policy that took place in the National Assembly in October 1981 seemed to serve as the government's vehicle to teach this lesson.

France, together with Italy and Japan, is one of the industrialized nations most dependent on foreign energy supplies—65 percent of its needs comes from abroad, mostly oil. It is singularly ill-endowed with fossil fuels, and what it has either

is too expensive to produce or are being rapidly exhausted. But it does have three percent of the world's reserves of uranium. Therefore, the obvious heart of an energy policy is to press forward with a nuclear program; exhort the troops to conserve as much energy as possible, and to diversify the sources of imported energy so that if a supplier stops, the country is not left in the lurch.

The Socialists have put more emphasis on conservation than did the previous government of Valéry Giscard d'Estaing. It is seen as one of the cheapest solutions and one that also creates jobs. But any reductions made in the nuclear program seems to be attributable more to sluggish demand for energy resulting from the world economic crisis than to any promises to environmentalists. The government ordered three nuclear reactors in 1982 and three more are planned for 1983. But the Energy Ministry now apparently believes that France will be overequipped with nuclear reactors in 1990.

What has filled most of the gap is a nuclear program that accounted for 65 percent of the total energy consumption in 1973 for 1.5 percent of prime-

electricity. This is not necessarily the most economic solution to electricity production, given the low price of coal on world markets. Nor is it even the most politic solution; the expected overabundance of reactors is reportedly one of the reasons the government is aiming to conserve as much energy as possible.

Ironically, even before the controversial contract with the Soviet Union was signed, France was already importing 5 percent of its energy needs from the Soviet Union—4 billion cubic meters of gas in 1982, plus quantities of coal and oil.

Despite France's lessening dependence on others for its energy and the dramatic drop of imported oil in its consumption pattern, there has been no parallel drop in the country's energy bill, which is weighing more and more heavily on its foreign balance of trade.

Eight years ago, the energy bill was covered by one month's exports—now by more than four month's receipts. The stagnation and drop in the price of oil on the international market—a price positive effect on France's import bill of 160 billion francs in 1982, because the franc has fallen in value against the dollar. The Energy Ministry calls this monetary phenomenon the "third oil shock."

Technology: Economic Reality Slows Government's Objectives

By Joel Stratte-McClure

PARIS—Two years ago the new French government believed a well-financed interventionist industrial policy emphasizing the latest technology would achieve a number of political, economic and social goals: increase investment, contribute to economic recovery, create technological independence, reduce unemployment and boost exports.

The key words in government

and nationalized industries were

imported from California: cross-

fertilization, entrepreneurship,

mobility, risk-taking, synergy, venture

capital. In fact, French American innovation

and hoped to instill a similar

spirit in France with a Socialist

state embracing humanism, decent

industrialization and plannification.

"Innovation and good ideas need collective discussion," said Loïk le Floch-Prigent, the government official who became the head of the Rhône-Poulenc chemicals and textile group. "The state is the best friend of researchers and innovation in France."

The Socialists got off to an exceptionally dramatic start. They held a national colloquium to discuss technology, passed a law boosting public research and development expenditures, formed the combined Ministry of Research and Industry to oversee their global scientific-industrial strategy and restructured industry by nationalizing a number of financial and industrial groups.

French scientists, who have traditionally scorned industry's profit motive, were asked to develop commercially successful products and perform a fruitful social and economic function.

Until recently, government officials at the Elysée Palace seriously

contended that financing would be

no problem, protectionism would

not be necessary, nationalized com-

panies would be creative en-

trepreneurial entities and François

Mitterrand's team could success-

fully manage knowledge acquisi-

tion and application. New high-

tech industries from biotechnology

to robotics would be created and

high technology would save declin-

ing industries like textile and steel

from collapse.

"We have a long-term commit-

ment to develop state-of-the-art

technology, and our programs,

motivated by nationalized indus-

tries, will inspire the finance and

commercialization of research,"

presidential adviser Jacques Attali said.

Not everyone agreed with this approach, especially critics in the private business sector skeptical of grandiose plans and uncertain about funding.

"I fear the government will favor large nationalized groups and not young entrepreneurs because they can't afford to finance competition," said Alain Monie, commercial director at Sogitec, a software company. "The atmosphere will be conducive to bureaucracy, not creativity."

But government-inspired com-

munities proliferated and led to the

formulation of seven national inno-

vation and technology programs (in areas including electronics, biotechnology, en-

ergy and the use of French as a sci-

entific language) and elaborate

plans for different industrial sec-

tors.

"We have not performed well in

the past in data processing because

there hasn't been a coherent long-

term plan," said Jacques Stern,

head of CII Honeywell Bull, the

computer company. "We now have

that plan, we will implement it and

it will succeed."

The effort was even going to be-

come international with the estab-

lishment of a "code of conduct" for

French multinationals dealing with

the Third World. However, this

idea and other facets of the effort

have hit a number of snags be-

cause:

- To eliminate the trade gap and reduce the budget deficit, the government introduced severe austerity measures. The high-tech dream has been, in part postponed by economic reality.

- The former minister of re-

- search and industry, a key figure in

- high-tech plannification, was dis-

- missed. His successor has intro-

- duced new measures to spark in-

- vestment but the changeover threw

- a spanner into the timetable and

- evolution of numerous programs.

- The refusal to jettison impro-

- fitable economic sectors, primarily

- to protect unemployment, has been

- extremely costly and is draining

- the limited financial resources

- away from potentially profitable

- industries of tomorrow. Many

- businessmen believe the govern-

- ment must begin to select technol-

- ogical niches rather than continue

- its blanket approach.

- Slow decision-making and or-

- ganizational problems at minis-

- tries and the Elysée Palace have led to

- delays in restructuring numerous

- industrial sectors.

Observers are now seriously

questioning whether the Socialists

have the funds, managerial skills

and scientists to rival their Japa-

nese and American counterparts.

"Any new government today

tries to inspire efforts in technol-

ogy that will translate into exports."

And Jacques Arnould, president of

SESA, a world leader in packet

switching systems. "But unfor-

tunately in France, as in other

countries, most of the talk has not

been translated into reality."

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Industrie

EN FRANCE

FRANCE

Heavy Industry: State Ownership Widens

By Vivian Lewis

PARIS — The French use the word *capitalistique* to mean capital intensive. So, even when it is state-owned, heavy industry in France is *capitalistique*.

About 80 percent of French heavy industry is state-controlled today, according to Guy Rico, senior financial analyst at Union des Assurances de Paris, the French insurance company. That means there are fewer investment opportunities on the stock market. And

reducing them further is the fact that heavy industry companies still in private hands have not been very profitable.

In a recession, in France as elsewhere, capital-intensive heavy industry is hit hardest. Its capital costs remain high, and capital costs in relation to turnover are steep.

Mr. Rico estimates that the ratio of investment to annual turnover for French heavy industry ranges from 3 to 2 (cement) to 3 to 1 in base chemicals, steel and glass. By contrast, investment is only 0.33 to 1

in retailing (Casino supermarkets) or 0.7 to 1 in cosmetics (L'Oréal).

Then, too, in a recession, past investment cannot be used to capacity because there is no demand for all the cement or ethylene or float glass that companies can produce. Overcapacity leads to falling profits — or losses — and the solution is to close plants and reduce capacity, leading to layoffs and unemployment.

For French Socialists, this medicine has been politically unpopular but under the new austerity

program it is being swallowed at last. Smokestack France, where the smokestacks belong to the government, turns out to be subject to the same economic constraints as anywhere else. A recession in Clermont-Ferrand is different from a recession in Chicago because the cushion of benefit if better but you still lose your job.

The state picked up most of the chemical industry when it nationalized Rhône-Poulenc and Pechiney last year. It already controlled two chemical companies linked to the coal board and the substantial chemical interests of Elf-Aquitaine, the oil company.

Since François Mitterrand came to power, bureaucrats under four ministers of industry have been working to restructure the state-controlled chemical industry. While the final plan is still being debated, its impact is becoming clear: curtailing surplus capacity, laying off workers. Some will take early retirement and others will be deployed in another part of the business. But two state-owned fertilizer companies are letting go 328 and 1,200 workers respectively. Elf is closing one of its two naphtha crackers at Feyzin. Pechiney is rumored to be dismissing 1,000 workers. All this since the Mitterrand government accepted the need for " rigor."

Outside the government-owned sector, the situation is not very different. The powerful Michelin group, the second largest rubber company in the world, after Good-year, reported for 1982 what the pro-Socialist newspaper *Le Matin* called "a deficit worthy of a nationalized group in steel or coal." The figure was 4 billion francs. Michelin also announced 9,500 layoffs in France, Italy and Britain. France's largest private company, Peugeot, lost 2.1 billion francs.

Politically, the most prickly of French smokestack industries is the coal company Charbonnages de France, which employs workers who prefer a Communist union to represent them. The Socialists appointed a Communist chairman, Georges Valbon, to let their voices be better heard.

When investment revives, according to a new Usinor study, it will not be in smelting industries — which use 150 tons of steel for every one million francs in investment or output added. The electronics industry, however, uses only one-tenth of a ton per million and precision tools only one ton. The service sector, overall, uses 10 tons, housing 16, and industry averages 40, in every case per one million francs in investment or output added.

Bread: Decline in Quality and Consumption

Bakers Organize to Re-Educate Industry, Public to Old-Fashioned Values

By Patricia Wells

PARIS — Limp, flabby, lily white. Over-salted. Acidic. Tastless. What has become of the honest French loaf, the wholesome bread revered around the world, respected for its crackling crisp brown crust, its classic, creamy-gold interior, chewy bread with a fresh yeasty aroma and the flavor of fresh-milled wheat?

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One recent French survey found that nearly half of the nation's citizens found bread less good than before, but only one out of 30 indicated a willingness to give it up altogether. One Parisian said: "The French have stopped taking bread seriously. They don't reflect, they don't concern themselves with whether or not it's good or bad. They just take it for granted." In other words, for many a Frenchman, bread has just become something to serve as a base for thickly spread *potage* or thin slices of *jambon cru*.

Scientists and nutritionists are not happy either. For the French, swallowing the myth that bread makes you fat, are replacing the wholesome bread calories with fats and sugars, to the detriment of the nation's health. Nutritionists suggest that, ideally, sedentary adults should consume one-quarter of their daily calories in bread each day, or the equivalent of a standard, 250-gram (8 ounce) *baguette*.

Modernization and mechanization came in 1981, consists of about 300 bakers all over France, men who take an oath to make the honest sort of French loaf that existed in the 1930s. Their bread, called the *baguette*, is the bread of the everyday *baguette*, but made according to old-fashioned methods and sold at the same price. Its crust is thicker, the interior more dense and golden, and there is that great wheaty aroma and flavor. (For a list of member bakers, write to Unime, 2 rue de l'Industrie, 45250 Orléans, or telephone (38) 37-02-00.)

So the situation is dangerous, but not hopeless. In Paris and in the provinces, dozens upon dozens of dedicated bakers fight the tide, and the lines that swing out the door and around the corner of their *boulangeries* attest to the fact that they are winning. No one can say for certain that this resistance will flower. But if it does, the French can again, with pride, return to their vocabulary the age-old proverb: "c'est bon comme le bon pain."

State Banking: Prudence Brings Profit Decline

PARIS — It was slightly more than a year ago that the French government completed the nationalization of most of the country's banks. And, on this first anniversary of state-owned banking, the results for 1982 have just come in.

The numbers show that banks reported a fall in profits, due not to any inefficiency of state ownership but to banking prudence. For the majority, operating profits were steady or even rose in 1982. But the banks created reserves for loan losses that cut their nets.

As a result, the state did not get a dividend increase — and it even paid up less in taxes than it would have with the banks under private ownership. Furthermore, the government has had to increase the capital for two banks, Crédit du Nord and Banque de l'Union Européenne, after they got into difficulties with loans that were too concentrated among troubled clients.

But when the government nationalized the bulk of France's banks — those whose shares were quoted on the stock exchange and those of a certain size under private ownership — no one believed it was to enable the state to collect dividends. Crédit Lyonnais, which has been a state-owned bank since 1945, has had to bail out its Dutch subsidiary, Slavengen's Bank, to the extent of more than \$600 million.

One hint of the purpose of the takeovers came last year, when banks were made responsible for financing the state-owned industrial sector, with direct and participatory loans, with 9 billion francs. In 1983, a similar sum will probably have to be found under various plan-contracts that are being negotiated. In addition, institutions such as the Caisse de Dépôts et de Consignations, which invests the funds of French savings banks, are being tapped for industry financing for the first time.

Other banking measures are pending. They would apply to all banks in France, from the small banks that have retained private ownership to foreign-owned banks. Two devices are being developed that would steer loans to companies that bankers might otherwise stay away from. The first is a proposal not yet passed by the semi-official Bankers' Association that would change the rules of bank loans.

In France, most commercial lending is done through pools of banks, which in almost every case are managed and controlled by state-owned banks. Under the proposed rules, if a borrower was in financial difficulty and three-fourths of the lenders' pool voted to keep on carrying the borrower, the remaining one-fourth of the banking pool would have to continue as well. In practice, the government could decide to finance a

troubled company, and foreign and private banks would have to go along.

The pool rule is already under consideration at the Justice Ministry and may be taken as indicating a policy for French banks even without a vote. The rule is expected to result in lawsuits by those who are denied credit.

Another measure that is pending is a reform of the French bankruptcy law. A proposed change would prevent bankers from giving priority to loans that are backed by collateral during a one-year interim of "observation" before bankruptcy is declared. The measure is expected to be presented to the National Assembly this autumn.

Emmanuel de Pontavice, a professor of law, warned that, if bankers are not allowed to put collateral-backed loans ahead of unsecured loans, "they will be reluctant to lend to troubled firms and they will insist on higher-priced leasing, leaseback and refinanced supplier's credits."

Both banks reforms threaten to create a practice that would discriminate against those — such as foreign banks — who insist on banking risk coverage before granting credits to corporate borrowers.

Despite these measures, private funds are not in short supply in French banking. The Revillon group, which is quoted on the Bourse, has just formed the first private French bank after the nationalizations. It has received for

initial government permission to take control of Compagnie Financière de la Méditerranée, a troubled investment bank, from Saudi and Lebanese interests. Two newly nationalized banking groups have applied to start private banks. One is Paris-Orléans Gestion, the money management fund run by Eric and David de Rothschild, which has applied for a banking license. The other is a consortium led by Jean-Marc Vernes (formerly of Banque Vernes), Marcel Dassault and Edmond de Rothschild (another branch of the family), who have applied to take control of a tiny non-state institution, Banque de Marais.

Helping the Banque de Marais takeover will be the ability of the consortium members to yield control of the former insurance and industrial holdings of the powerful Suez investment banking group back to the state. The Suez Banque d'Affaires suffered badly under the post-nationalization chaos and also lost control of the Crédit Industrial et Commercial, which will be run independently from now on. Parisian, an archival, meanwhile, is not doing much better in retail banking, since it is co-owner with the state of Crédit du Nord, one of the two banks that had to ask for a capital increase. Suez has been asked to take over the investment portfolio of the former Rothschild bank.

— VIVIAN LEWIS

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Consolidated Figures in millions of French Francs

	1978	1979	1980	1981	1982
Net Sales	3,387	4,240	5,555	9,686	10,882
Gross Profit	422	609	654	848	916
Net Earnings (after elimination of capital gains and provisions for investments)	212	332	377	517	550
Earnings per share in FF	59.47	78.00	84.96	118.26	123.83



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FRANCE

Fashion: The Nation's 10th-Largest Industry

By Tish Jett

PARIS — "Fashion," Gabrielle Chanel was fond of saying, "has two purposes: comfort and love." "Beauty comes when fashion succeeds," she maintained.

Actually, fashion has an even more compelling, if less glamorous purpose, quite apart from the esthetic satisfaction it brings to those who design it or the pleasure derived by those who wear it.

First and foremost, the making and selling of personal adornment is a business. And as France's 10th largest industry, employing about 500,000 men and women, it is big business.

According to the 1981 figures from the Fédération de la Cotonnière du Prêt-à-Porter des Couturiers et des Créateurs Moda, the most prestigious and expensive level of the industry — haute couture and designer ready-to-wear and accessories — 47,000 people worked to generate sales of 6.178 billion francs (\$883 million).

Add to those numbers the 1982 statistics from La Fédération Française du Prêt-à-Porter

ter Féminin, which show another 70,300 people employed in the production of volume or moderately priced ready-to-wear that resulted in sales of 9.1 billion francs, and the impact of the French fashion industry can be appreciated in an economic plane as well.

But ultimately, no matter how startling the figures or how important the industry's contribution to the economy, what French fashion produces in abundance is an ever interesting, often exciting and sometimes controversial approach to design that for decades has drawn and held the attention of the international world of fashion. For unlike other industries with a product that survives on the premise of planned obsolescence, this one thrives on the attendant glamour of the designers (many of whom have names and faces as familiar as those of movie stars), the highly visible clientele who wear the clothes, and the omnipresent fashion press that faithfully records every nuance of the subject.

(Certainly, designers from other countries have come to appreciate the intrinsic value of such glamour, but it was the French who first

demonstrated how the creation of an aura can be an effective marketing device.)

For the fall 1983 prêt-à-porter collections last March, for example, 562 publications from 38 countries sent a total of 1,282 writers, editors and photographers to report not only the news from the event but also the ambiance that surrounded the collections — from the fashion "groomies" hovering outside the shows and the designers' strategically placed (from row center) celebrity friends to the Saint Germain street scene and the latest boutiques.

The press and retailers never leave Paris without what most refer to as "the total fashion experience." What that means is that although the principal reason for the foreign contingent to travel to Paris is to see the collections they also consider the careful scrupulousness given to boutique displays and the latest twists and turns of street fashion on the trendy young women — who even Yves Saint Laurent has said can inspire him — vitally important.

(Continued on Page 128)

Role of Foreign Investment Is Growing

PARIS — The Socialist government's efforts to reassure foreign investors has apparently worked. Now, instead of all the talk about how foreigners will never put another cent into France because of the Socialist government one hears complaints that too many foreigners are getting government authorization to invest here in competition with native industry.

Apparently, neither the Socialists nor the opposition expected this turn of events. And the immediate aftermath of the election of François Mitterrand when, within two days, stock prices on the Paris bourse dropped 20 to 25 percent as foreigners abstained from investing seemed to support fears that foreigners wanted nothing to do with the newcomers. The Americans were especially wary. An American firm, Business Environment Risk Information, warned its clients to limit their relationships with France to commercial ones and to stop any capital engagements in the country.

The foreign portfolio investor has, until recently, stayed away. Geoffrey Ross, a broker with the firm of Tuffier, Ravier, said in late April, "For two years Paris was out of the international financial system... Paris became isolated. The market was left to its own domestic devices."

But, he said, all that has recently changed and "London" has been making the market for 6 weeks to two months now." They could see that good quality stocks here were going for 7 to 9 times 1982 earnings, while certain stocks in New York and London were going for 15 to 25 times," he said. "Paris stocks looked cheap."

Mr. Ross predicted a possible explosion of prices on the bourse since, because of the nationalizations, there are now few major stocks to buy and since the domestic French investor, who at first was happy to sell as prices went up, is now staying on. The stocks attracting London interest are Moët and Hennessy, Club Méditerranée, L'Oréal and BSN Gervais Danone. All companies that do a great deal of their business in the export market. One must add that despite London interest, the Americans have not come back yet.

The industrial investor, the real productive investor, is seemingly not as nervous as the portfolio investor. He apparently has been plodding along with his plans to set up plants and create jobs in France

despite the Socialist actions. According to DATAR, the group charged with attracting foreign investors to France, in 1982 foreign investment accounted for the creation of 12,086 new jobs in industry, a level that has remained about constant since 1976. About 40 percent of the jobs created in 1982 can be accounted for by American investment, while 1,100 can be attributed to Japanese investment.

The Socialists have gone out of their way to calm the foreign investor. Foreign banks were not nationalized, foreign firms have been permitted to retain interests in nationalized companies and the indemnifications given to shareholders, both foreign and domestic, whose interests were nationalized were so high that foreigners are not especially worried about more nationalizations. They feel the government simply can not afford it. Besides, Mr. Mitterrand has already stated that there will be no more during this term of office.

Since May 1981, no project dossier submitted to the foreign investment committee of the Finance Ministry has been rejected, a not uncommon occurrence under the former government. The British multinational Whitbread has bought Calvet wines, Olivetti has

bought Logabex, BSN Danone Gervais has sold its remaining glass interests to Pittsburgh Plate Glass, Xerox has started transforming its Little factory into its European office automation plant, Ford is investing 1.2 billion francs in its Bordeaux plant, GM is investing 1.3 billion francs in its Strasbourg factory, Berg Electronique, a subsidiary of Du Pont, is building in Besançon, Sony is setting up a factory in the southwest to manufacture videocassettes, Akai is planning to assemble video tape recorders at Honfleur, the American firm AVX is going to produce condensers at Rouen and the Canadian firm Mitel is going to

manufacture telephone equipment in the Vosges.

The expansion of foreign firms, especially into the electronics sector on which French industrial policy is based, has caused some unease in France. The worry is that if France lets an international competitor to one of its national firms set up in France, then it is just endangering its own industry.

Jean-Louis Vergnolle, in charge of the foreign investment department of DATAR, said that French enterprises endangered by such foreign investments are usually enterprises that already have problems.

— LESLIE de QUILLACQ

Peugeot, Renault: Problems Are Similar

Price Freeze, Increased Sales of Imported Vehicles, High Costs Lead List

PARIS — Jean-Paul Parayre drives a Talbot Samba or a Peugeot 505. Bernard Hanon is usually seen at the wheel of the latest Renault model. But the cars driven by the chief executives of France's privately owned Peugeot and state-owned Renault are one of the few major differences between the two men and their companies.

Both Peugeot and Renault had similar problems in 1982: a temporary price freeze; increased sales of imported vehicles in France; industrial disputes and high production and expansion costs. They also were confronted with added expenditures (1 billion francs at Peugeot, 850 million francs at Renault) brought on by the government's setting a shorter work week, an added week of vacation and other social benefits for employees.

The two companies also had substantial losses last year. Peugeot, which manufactures the Citroën and Talbot brands, lost between 2.1 billion and 2.2 billion francs (against a deficit of 1.9 billion francs in 1981), while Renault lost between 1.5 billion and 1.6 billion francs (675 million francs in 1980 to 32 percent last year.)

The two chief executive officers expect imports in France to level off about 30 percent in 1983 (they increased from 23.1 percent of the market, in 1980 to 32 percent last year).

The French automobile industry exports half of its production and the world's third major passenger-car exporter, after West Germany and Japan. The two executives claim that their latest models in the market, the 205 at Peugeot and the R11 at Renault, will reduce the French demand for imported vehicles. Although automobile sales in France are expected to decline from a little more than two million in 1982 to an estimated 1.85 million in 1983, the two French automakers expect to improve their balance sheets by the end of the year.

Both are pleased that the French authorities did not set a government "plan" for the automobile industry. "There's a Renault plan and a Peugeot plan, but there is not a need for a government plan," Mr. Hanon said. "The French automobile industry has already been restructured and is poised for a profitable future. The fact that the U.S. automobile industry is now in the

black gives us a psychological boost." U.S. manufacturers had combined profits of almost \$1 billion during the first quarter of 1983.

Each company has about 200,000 employees, and both have stakes in U.S. companies. Renault has a 46.4-percent holding in American Motors, while Peugeot and Chrysler have a multifaceted cooperative agreement. The companies are structured differently, however, which makes direct comparisons difficult. Renault's automobile sales account for a little more than 70 percent of its activities, while Peugeot's auto sales are 93 percent of its turnover.

The two companies are fierce competitors. Peugeot hopes to increase its stake in the French market to 33 percent this year, while Renault, which has a 40-percent share in the past, would be satisfied with 38 percent to 39 percent.

Renault has a larger dealer network, an integrated model line, a more aggressive marketing strategy and a history of triumphs in motor racing. But Peugeot made commercial inroads during the first quarter of 1983.

— JOEL STRATTE-MCCLURE

Washington-Paris: Economic Crisis Is Straining the Alliance

(Continued from Page 78)

communist-diplomats and secret service types set up the colonial museum-town for their leaders' gala.

As one senior European diplomat put it, "What I'm afraid of is that Mitterrand may tell Reagan something like 'I was double-crossed last year' to set the whole thing off."

The Common Market's recent memorandum to the State Department reiterating "deep concern" over the Reagan administration's plans to toughen East-West controls — calling them "unacceptable in the context of relations with friendly countries" — shows that it is not just a conflict between France and the United States.

Studies commissioned last November show a consensus in identifying the main problems of East-West trade, such as the ability of communist countries to pay for goods, but have not been able to reach any common solutions.

While the bilateral relationship is admittedly strained, American officials are saying that France and the other summit countries — Britain, West Germany, Italy, Canada and Japan — should welcome the economic recovery under way here, which could help pull the rest of the world out of the worst slump since the 1930s. That seems to be what Wall Street and some foreign stock markets are saying.

The United States, with 25 percent of the world's output and 30 percent of the output of the 24-nation Organization for Economic Cooperation and Development is the global flagship. When its engines accelerate, it is easier for other economies to follow suit.

The United States has had a zero rate of inflation in the last three months and a 3-percent rate of economic growth. Unemployment, still high, is falling; consumption, still low, is rising. Confidence is picking up, although the problems of \$200 billion fiscal deficits jacking up interest rates have yet to be resolved.

But that is not what France is saying. Lately, there has been an escalation in the rhetoric of animosity from both Paris and Washington, even as the powers of oil on the waters point to the two countries as each other's oldest allies. This is the bicentenary year of the Treaty of Paris, which ended the Revolutionary War.

France's new economic czar, Jacques Delors, pulled no punches when he told the National Assembly recently that the United States was showing "contempt and insensitivity" toward its Western allies by doing nothing to slow the dollar's rise. This had already been one of the main points of contention at Versailles, and at Ottawa before that.

He noted, to echoes here, that even though interest rates have de-

clined somewhat they remain after adjustment for inflation higher than at any time since the Industrial Revolution.

That criticism came not from any of the communists, or Marxists, in the Paris government, but from a centrist who has just consolidated his power and, in the process, given France a heavy dose of economic orthodoxy. The Delors star has risen as that of Jean-Pierre Chevènement, the leader of the Marxist movement in the Socialist Party, has been at least temporarily eclipsed.

Treasury Secretary Donald T. Regan indicated that he was not about to be pushed around and had no apologies to make. Fully aware of Mr. Delors' remarks, he told a press conference late last month in the Treasury that the United States had still not changed its policy on intervention in the foreign-exchange markets.

"The policy of this administration has been and continues to be that we consider intervention to be useful only in instances of a disorderly foreign-exchange market." And then the Treasury chief went a step further to accuse both France and Italy of failing to live up to a pledge made at Versailles to pursue policies aimed at greater convergence of economic policies.

The Regan statement on intervention caused some confusion because finance ministers of the seven summit countries had just met and issued a statement saying they were willing to undertake "coordinated intervention." The American Treasury chief defined the term in this way: "We call them up on the telephone and tell them we're going to do it and see if they want to go along. If they go along with us, then that's coordinated intervention. If they don't go along with us, it's unilateral intervention."

In other words, no concession to French views that the United States should actively work to curb the dollar's rise because it forces trading partners to keep their interest rates higher than they would like, thus restraining their economies. But it could be a pre-Wiltsburg negotiating position, as well.

Paul A. Volcker, chairman of the Federal Reserve Board, Martin Feldstein, of the Council of Economic Advisors, and other officials have spoken publicly about a somewhat more active intervention policy that would dovetail with trends in broader economic policy.

The bone in Washington's economic throat is the rapid inflation under-

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SCIENCE

Promising Approaches to Diabetes

By Harold M. Schmeck Jr.

New York Times Service

NEW YORK — Scientists in California and Australia have eliminated diabetes in some laboratory animals by giving them pancreas glands transplanted from the species of the same species.

The research represents one of several new modes of attack on diabetes in humans, a widespread disease that still, despite decades of research, can be neither prevented nor cured but only alleviated, and even with the best medical management continues to cause blindness, loss of limbs and premature death in some patients.

If applied to humans, however, the new techniques of transplanting the fetal pancreas might raise a highly emotional issue. The only source for such transplants would be aborted human fetuses. In the mid-1970s, a U.S. federal commission studied the propriety of using human fetal tissues for medical research, and found it ethically acceptable. That determination was written into regulations of what is now the Department of Health and Human Services.

But in Australia, the pancreas transplant research has evoked protests from anti-abortion activists, even though the first use of the technique in humans may still be several years away.

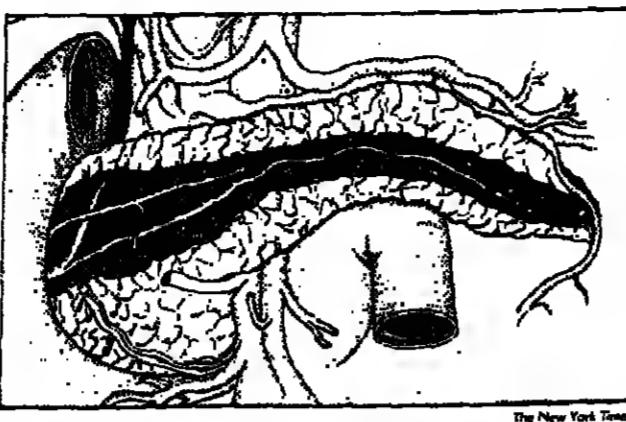
Dr. Daniel Brown of the University of California at Los Angeles, a pioneer in the fetal transplant research, estimates that the method will be ready for its first trial in

humans in about three years. He and other scientists involved insist that the use of tissues from an aborted fetus is an issue separate from the issue of abortion itself.

That was essentially the finding of the National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research. The issue was explored at length because Congress, in 1974, had ordered a moratorium on all research involving the living human fetus until the commission had studied the propriety of the research and had given an opinion. After the commission's report in 1975, the moratorium was lifted.

There has been little public controversy since then. Furthermore, pancreatic transplants involve only fetal tissues, not the living fetus. At present there is a substantial body of fetal research in progress, most of it aimed at understanding development in the womb and finding ways of avoiding abnormalities. There has been relatively little work on transplantation of fetal tissues except those of the pancreas and thyroid.

Diabetes is a complex disease in which the body either produces too little insulin or fails to make proper use of the supplies it does make. Most of the estimated 10 million Americans who suffer from the disease can be managed in acceptable day-to-day health by use of diet alone, but more than a million, including most of those



Pancreas, in middle of abdomen, produces body's insulin.

who develop diabetes as children, must have regular injections of insulin. The injections maintain approximately the proper chemical balance in the patient's body, but they do not cure the disease or eliminate the risk of long-term complications including blindness, loss of limbs through blood vessel deterioration, heart and kidney disease and shortened lifespan.

Failure to prevent the complications has spurred scientists to look for new treatments. Recent research has taken three principal tracks, all depending on the fact that the body's main source of insulin is the tiny islands of cells called islets of Langerhans in the pancreas. Certain cells in these islets, called beta cells, produce the hormone and send it to the liver and other tissues throughout the body.

One approach has been to transplant the adult pancreas from a person who has just died. Another is to collect the insulin-producing cells from such a gland and transplant them alone. The third, used only in animal research so far, is that of transplanting the fetal pancreas.

Each method has potential advantages, but also disadvantages, said Dr. Brown. All the except the fetal pancreas would suffer from a serious shortage of supply if widely used.

Dr. Lacey and his colleagues in St. Louis have pioneered research on the transplantation of islet cells alone, even succeeded in transplants between mice and rats, crossing the species barrier that ordinarily would have caused the recipient animal's immune defenses to destroy the foreign tissue. Dr. Lacey has some of the same techniques will be applicable to the transplanted tissue.

Dr. Lacey does not believe the word "cure" is appropriate for the treatments under development because, he says, this term implies understanding the cause of a disease well enough to thwart it altogether. The underlying process by which diabetes does its damage is still mysterious. He is hopeful that some form of transplantation may prevent the destructive complications.

tions of diabetes even before their origin is thoroughly understood.

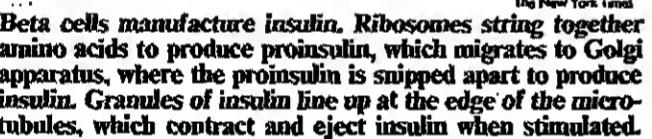
Dr. Brown, in collaboration with Dr. Kevin Lafferty of Australia's National University in Canberra, has developed a method for transplanting the fetal pancreas in animals in such a way that only the insulin-producing tissue survives. This is an important advantage of the method because digestive enzymes made by other tissues of a transplanted pancreas can have a destructive effect, Dr. Brown said.

With the proper timing, the transplant survives as an organ devoted almost entirely to insulin production. In the rat, this surviving tissue grows "enormously," Dr. Brown said, and eventually produces 20 to 25 percent as much insulin as a normal rat pancreas. If the transplant is placed so that the production goes first to the recipient's liver, where it is most needed, this is fully adequate for the body's insulin needs, he said.

As with other organs, the main unsolved problem with pancreas transplants is that of destruction of the transplanted tissues by the recipient's immune defenses. One approach has been to look for ways of preparing the pancreas tissue so that they do not evoke an immune attack. This would free the patient from lifetime use of immunosuppressive drugs.

Dr. Lacey and his colleagues in St. Louis have attacked immunity problems in four different ways: by growing islet cells for a week at low temperature; by growing them in the presence of excessive oxygen; by treating the islet sample with antibodies before transplantation; or by treating the recipient animal in advance with antibodies to make them "tolerant" to the transplanted tissue.

Even before these new developments, transplantation of the adult pancreas helped some patients, at least for a time. More than 190 human pancreas transplants have been done in the last two decades, according to the latest report of an international registry. At their last published tabulation, last year, 19 patients were alive and free of any need for insulin injections. Nine had been so for more than a year.



Beta cells manufacture insulin. Ribosomes string together amino acids to produce proinsulin, which migrates to Golgi apparatus, where the proinsulin is stripped apart to produce insulin. Granules of insulin line up at the edge of the microtubules, which contract and eject insulin when stimulated.

The New Arsenal of Anti-Forgery Techniques

By William J. Broad

New York Times Service

NEW YORK — Identifying the age of ink and paper — and thus tracking down forgeries as was done in the case of the purported diaries of Adolf Hitler — is an art that has come of age in recent years because of sophisticated new techniques that can detect subtle changes in formulas, according to forensic scientists in and out of government.

Moreover, makers of ink and paper are starting to lace products with special clues as to when they were manufactured in order to help federal investigators fight the rising tide of forgeries.

Before the 1960s, handwriting analysis and typewriter identification were the main ways to detect a forged document. But today sensitive techniques such as thin-layer chromatography, neutron activation analysis, and X-ray fluorescence help chemists in tracking down a forger.

"Ink chemists get standards from all the manufacturers and establish ink libraries," said Dr. Lydal L. Shanyfield, a private document analyst who worked for the Federal Bureau of Investigation for 34 years. "They then punch out the sections of a line from a document under investigation, put it into solution and run it through the equipment." The comparison of known ink formulas that have changed over the years against a sample under study can help reveal its age.

The physical decay of ink can be a clue, according to Dr. Antonio A. Cantu, a forensic chemist at the federal Treasury Department whose laboratory has the largest collection of ink samples in the world. Old ink is less soluble than new ink, he says. In addition, electrically charged atoms, or

"ions," in ink will migrate into paper over time. Normally, these patterns are hidden; but chemical treatment can bring them to light.

"Even if the Hitler diaries were written recently, with old ink and old paper, the small amount of ion migration would reveal them to be fakes," Dr. Cantu said.

At the urging of Dr. Cantu, many ink manufacturers started adding trace elements to their products in the early 1970s, changing the element each year in concert with each other. Dr. Cantu, whose laboratory helps federal investigators detect such practices as the backdating of documents, said these elements make the dating of ink easy.

"It's easier to detect fraud than

to prove authenticity," he added. Simple techniques often suffice in the dating of paper. If documents glow under an ultraviolet light, there is a good chance they contain optical brighteners — chemicals not introduced by paper manufacturers until the 1950s. Other chemicals that reveal age are the resins, starches, and binders that help paper together.

Other indicators of a document's modern origin are synthetic and glass fibers. If examination with a microscope shows these are present, it means the paper was manufactured in the 1950s or later.

Perhaps the simplest of all investigations of paper involves watermarks. These sometimes change from year to year. An investigator

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Perhaps the simplest of all investigations of paper involves watermarks. These sometimes change from year to year. An investigator

need only go to the manufacturer with a sample in order to determine its age. In addition, more and more manufacturers are putting special clues into watermarks, according to Dr. Shanyfield. Some papers have a tiny line under certain letters in a watermark that moves from year to year — revealing the age of the paper.

Even when examination of a piece of paper reveals no clear clues, age can often be determined by analytical chemistry. Dr. Cantu said. One case involved a document from the Watergate investigation. Congressional investigators suspected it had been written much later than indicated.

Dr. Cantu went to the paper manufacturer but found the watermark and formula had not changed in the past decade. "But," he said, "I still asked for sample papers from the last 10 years so I could look at the chemical fingerprint."

He analyzed the 10 separate sheets for their trace elements — tiny amounts of metals that are introduced by water and clay used in the manufacture of paper. With the help of sensitive instruments, he was able to see that the trace elements had changed from year to year. "I was able to pin it down," he said. "The document in fact had been backdated."

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Dow Jones Averages

Open	High	Low	Chg.	Clos.	Chg.
30 Ind.	1216.24	1225.04	+1.78	1225.04	+1.23
20 Trans.	115.42	116.02	+0.60	116.02	+0.60
45 S&P	475.39	481.61	+4.22	474.10	-1.29

Volume 4,500,000

Adv. 1,200

Vol. Up 5,225

Vol. Down 2,950

New High 270

Low 265

Chg. +1.23

Clos. 265.23

Chg. +1.23

Chg. +1.23

Clos. 265.23

BUSINESS BRIEFS

Deutsche Bank Says Profit From Its Operations Increased

HAMBURG (Reuters) — Operating profit at Deutsche Bank rose 19 percent in the first quarter, compared with one quarter of the level of the full year 1982, F. Wilhelm Christians, management board spokesman, said Wednesday.

Mr. Christians, speaking to the bank's annual meeting, gave no precise figures for the profit. Deutsche Bank's 1982 operating profit before adding trading profit was 1.8 billion DM (about \$730 million at current exchange rates).

Mr. Christians said, however, that he doubted whether the level of the first quarter operating profit rise could be sustained for the rest of the year.

Brazil May Seek Waiver From IMF

WASHINGTON — Carlos Lamont, Brazil's central bank governor, said Wednesday that Brazil might seek waivers of some conditions connected with its borrowing from the International Monetary Fund, but he asserted that this did not mean the country's financial rescue program was in trouble.

Mr. Lamont, who met with IMF officials and U.S. authorities during his visit here, also denied that Brazil was seeking new loans.

He said he was planning to return to New York Thursday to hold further meetings with the country's creditor banks. "Even if there is some deviation, and these may exist, these deviations will not affect the basic targets and objectives of the program," he said.

Nigeria Reportedly Asks IMF Aid

WASHINGTON (Reuters) — Nigeria, its economy hard-hit by the global oil glut and the sharp decline in energy prices, has made a formal request for financial assistance from the International Monetary Fund, monetary sources said Wednesday.

The sources said no specific figure was attached to the request, although the country potentially could obtain \$2.6 billion from the fund during three years.

Eastern Says 2 Banks Like Plan

MIAMI (AP) — Eastern Airlines officials, who have presented a comprehensive recovery plan to the carrier's lenders, said that two major banks looked on the plan favorably and the rest of its banks were expected to follow suit.

Frank Borman, Eastern's chairman, had said the airline would run out of cash in June unless its lenders loosened restrictions on a \$400-million revolving credit line.

"We don't have a 100 percent guarantee," from the banks, Eastern spokesman Tom Myers said Tuesday. "Chase Manhattan and Citibank said OK and the other banks are looking on it favorably."

Japanese Clear Import Easing

TOKYO (AP) — The Diet Wednesday unanimously passed a bill that would make it easier for foreign companies to export products to Japan.

The omnibus bill amends 16 laws related to import certification and standards that Japan's trading partners have pinpointed as non-tariff barriers restricting access of their products to Japanese markets.

IMF Says Mexico Complying With Conditions

By Caroline Atkinson
Washington Post Service

WASHINGTON — Mexico has met the first round of tough policy conditions laid down by the International Monetary Fund in January, clearing the way for it to receive the next installments of a three-year IMF loan and a medium-term commercial bank loan, Mexican officials have told international bankers.

The IMF telezed Mexico on Monday to confirm that the nation was in compliance with its policy targets for the first three months of this year, said William R. Rhodes, a senior vice president of New York-based Citibank who is also co-chairman and principal spokesman of the group of major banks that has negotiated with Mexico.

Mr. Rhodes said that Mexican officials, in turn, sent telezes Tuesday to the commercial banks that have lent it money, telling them of the clearance from the IMF.

The IMF board must formally approve the staff review of Mexico's performance before the nation can draw the next installment of its \$3.7-billion IMF loan. The board is due to meet next Monday, and is virtually certain to approve the release of another \$325 million for Mexico, sources said.

Once that happens, Mexico would become eligible for the next \$1.1-billion slice of a \$3-billion, medium-term loan from commercial bankers that was negotiated earlier this year, Mr. Rhodes said.

International bankers should be cheered by the confirmation that Mexico's economic program is on

track, sources said. There has been much pessimism in financial markets about whether the nation would succeed in hitting its IMF targets, particularly since oil prices started to decline sharply, threatening Mexico's export earnings. Some bankers still said that they expected Mexico to need more money later this year, but officials in Washington and Mexico City denied that.

Mr. Rhodes said: "Based on progress to date, the funds that

(the Mexicans) have should carry them through the year."

He pointed out that the first quarter success for Mexico was the first under any of the agreements among debtor nations, commercial banks and the IMF that have been negotiated since the Third World debt crisis started last summer. With Brazil, the other very big borrower, now having serious difficulties with its financial package, the good news on Mexico will be even more welcome, Washington sources said. Argentina, the third largest Third World debtor, was reportedly also in compliance with its IMF targets at present, sources said.

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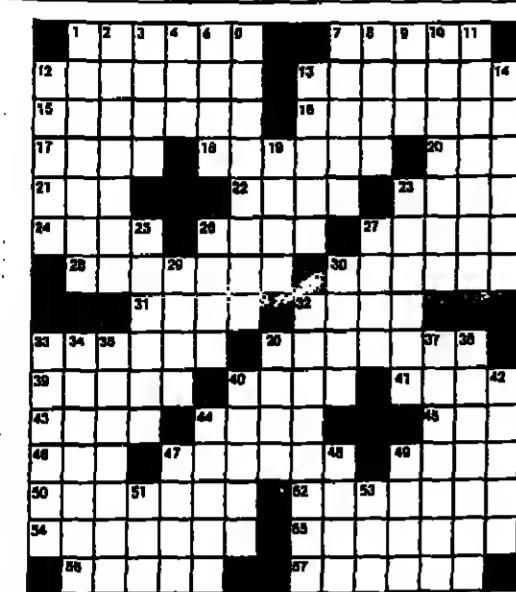
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J. K. Karpis

CROSSWORD



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SPORTS

Islanders Beat Oilers, Sweeping to 4th Straight Stanley Cup

3 First-Period Tallys, Smith's Goaltending Decisive

Compiled by Our Staff From Dispatchers

UNIONDALE, New York — The New York Islanders, riding rapid-fire first-period goals by Bryan Trottier, John Tonelli and Mike Bossy, completed a stunning four-game sweep for their fourth straight Stanley Cup here Tuesday night with a 4-2 victory over the Edmonton Oilers.

The Islanders rocked the Oilers with their early-goal lead and then held on during a spirited comeback to become only the second National Hockey League franchise to capture four consecutive titles. The Montreal Canadiens won five from 1956-60 and four from 1976-79.

Bossy scored the cup-winning goal for the second year in a row and had five game-winning goals in these playoffs, an NHL record. He led all playoff goal-scorers with 17.

Ken Morrow's empty-net goal with :09 remaining, his second of the series, clinched the title.

But New York couldn't have extended its victory streak to 16 games without the solid goaltending of Billy Smith. The only player left from the Islanders' 1972 first-year team, Smith was steady throughout the post-season and spectacular against Edmonton. He was named winner of the Conn Smythe Trophy as the playoffs' most valuable player.

Trottier took the trophy in 1980. Butch Goring won in 1981 and Bossy last year.

Trottier, shadowing Wayne Gretzky for most of the first three games, scored his first goal of the series at 11:02 of the opening period. On an Islander power play, Oiler goalie Andy Moog missed a chance to stop the puck as Bossy shot it around the rear boards.

Moog had barely scurried back to his position when Clark Gillies, from the left corner, centered perfectly to Trottier in the slot. Considered by some to be the strongest center in the game, Trottier rapped in his wing's pass for a 1-0 lead.

Within 43 seconds, the Islanders had scored again. Bob Nystrom taking the puck in the right corner after some good checking on Charlie Huddy by Tonelli, caught his left wing breaking into the slot. Without stopping, Nystrom's perfect feed, Tonelli jammed the puck by Moog for a two-goal edge.

The Islanders had their third goal 54 seconds later on a play. Trottier dove deep in his own end. Bossy, taking a long pass from Trottier, just over the red line, picked up speed and skated straight for Moog, waiting until the goaltender had moved out of his net before nailing the puck squarely into the back of the cage on a quick, low wrist shot.

Coming into the game, Edmonton had led in the series for a total of 5 minutes 42 seconds, and when the Islanders left for the break with the 3-0 lead, Smith had blanketed them in six of 10 periods.

The Oilers, who set a league record with 424 regular-season goals and entered the finals having outscored their playoff opponents, 74-33, finally got going in the second period. They scored once in the first minute and again in the last to make it 3-2.

Gretzky fought off a slash by Trottier, fed Jari Kurri for a short wrist shot at :35. Mark Messier got his first goal of the finals at 19:39 when he tripped defenceman Andre Kallur and snapped the puck home in the same motion.

At the start of the third period, with the Oilers pressing to tie, Gretzky fired a rising shot that Smith barely snagged with his glove. Smith subsequently made

saves on point-blank shots by Ken Linskman, Kevin Lowe and Glenn Anderson.

Smith shut out the Oilers in seven of 12 periods in the title series, allowing them an average of only 1.5 goals a game. Overall, New York outscored Edmonton, 17-6.

Gretzky finished the playoffs as the leading scorer, setting records for points with 38 and assists with 26. But in the final, he was held to four assists — and no goals. Smith had his chances, but each time he shot either Smith or the Islander defense made the goal-denying play.

Observed Gretzky, a 71-goal scorer during the regular season: "The Islanders played disciplined hockey — without a doubt, they stay it down offensively. I guess their patience and composure was a lot better than ours."

"I honestly tried hard," he said, "but I guess I could have played better. My job is to play the puck in the net. And I didn't."

The Islanders' mastery of Edmonton's power play, the league's best in 1982-83, was another key factor in the sweep. New York successfully killed off all but one of 20 power plays. The Islanders in 1981 and in the opening round to the Islanders in 1982 had won each of their four years in eight games.

The series, which had been billed as a classic matchup, before the Islanders turned it into a rout, also had its ugly moments.

In Game 1, Smith dashed Edmonton's Glenn Anderson on the knee, garnering renewed controversy about his goal-tending style. In the second game, he dashed Gretzky on the leg pads. The usually mild-mannered Oiler skated to the goal crease, skinned his stick; the pair exchanged words and Smith was given a five-minute major penalty. Near the end of the game, he was for his part.

"Last year," said forward Bob Bourne, the Islanders' leading scorer in the playoffs with eight goals and 20 assists, "we were so calm afterward. It was no big deal. This year, it's crazy. This means so much to everybody."

"This fourth cup is so great because we beat Edmonton after a lot of Canadians said Edmonton can't be beat and wrote us off," said a feisty Smith, who admitted he was bitter about the way he was treated by much of the Canadian press.

"This was the toughest for me because of all the aggravation and cheap shots the press took at me."

"I can't compare the cups, but this by far was the toughest," said Morrow, who has gone from an Olympic gold medal in 1980 to four straight NHL titles. "We beat two of the top teams in the league."

Boston and the Oilers. "To shut down Edmonton four in a row is just unbelievably satisfying."

"Dynasty?" said General Manager Bill Torrey, echoing a question.

"No. There's another one to go — the Canadians will be there. You know. But I don't know if there's a better team than this one."

Said Bossy: "I don't think of us as legends. But I don't think there was a team in hockey that could have beaten us this year. We are the best team in hockey. Next year: No. 5."



Mike Bossy beat goaltender Andy Moog on a breakaway at 12:39 of Tuesday's first period for what proved to be

the decisive score in the Islanders' Stanley Cup-winning 4-2 triumph. Bossy also scored the title-clincher last year.



In the Nassau Coliseum pandemonium that followed an insurance goal by Islander Ken Morrow at 18:51 of the third period, a stunned Paul Coffey (seated) and a dejected Wayne Gretzky (standing, center) perfectly reflected the mood along the Edmonton Oiler bench.

New Javelin Star Lights Up the Sky

New York Times Service

LOS ANGELES — On a bright spring day in 1977, a 19-year-old baseball player had finished practice and was walking across a field at Palomar Community College in San Marcos, north of San Diego, when he saw a javelin in flight.

The thrower was a national junior champion; the onlooker was Tom Petranoff, and his interest was stirred enough for him to ask the thrower to teach him how to do it.

That champ said he had no time, so Petranoff got another thrower to show him. Six years later, that curiously ended in a world record. Last Sunday, Petranoff won the javelin event at an invitational meet at the University of Southern California with a throw of 527 feet 2 inches (99.72 meters). That bettered the previous world record by almost 10 feet — Hungarian Ferenc Pang's standard of 317 feet had been set in 1980 — and the U.S. mark by almost 13.

Doc Marin, the Palomar track-and-field coach, was working with Petranoff on his throw when he first picked up the javelin. When he

saw the throw go 150 feet, he turned to an assistant and remarked that the guy might have potential.

A few seconds later, a throw sailed 170 feet.

Recalls Marin: "I said, 'Wait a minute. This guy is throwing on Friday.'

Marin walked over, put his arm around Petranoff's shoulder, and smiled.

"Go to school here!" asked the coach.

Two days later, in a meet against Chaffey College, Petranoff, wearing baseball shorts, threw a javelin competitively for the first time, it won a winning 198-10.

Four weeks later he won the conference championship throwing 252-1. He captured the national junior championship with a throw of 527 feet 2 inches (99.72 meters). That bettered the previous world record by almost 10 feet — Hungarian Ferenc Pang's standard of 317 feet had been set in 1980 — and the U.S. mark by almost 13.

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Transition

BASBALL
American League
DETROIT — Called up Bill Fisher, catcher, and Julie Gonzales, pitcher, from Evansville. The American Association, and sent Fisher to Evansville. Placed Allie Miltz, right fielder, on irrevocable waivers.

KANSAS CITY — Announced that owner Kansas City had sold 49 percent of the Kansas City Royals, real-estate developer An-

dersen, 49, and the 15-year-old son, called out.

Golf Money Leaders

The Associated Press
MIAMI BEACH, Florida — Michael money winners on the PGA Tour last week's Colonial National Invitational:

1. Tom Weiskopf \$245,079.
2. Fred Couples \$226,674.
3. Hale Irwin \$199,000.
4. Tom Kite \$184,500.
5. Gil Morgan \$172,404.

6. Craig Stadler \$152,772.

7. Ray Floyd \$152,220.

8. Bruce Lietzke \$142,220.

9. Kevin Steele \$124,000.

10. Ken Venturi \$112,000.

11. Fred Couples \$112,000.

12. Craig Stadler \$112,000.

13. David Graham \$109,000.

14. Tom Kite \$109,000.

15. Hale Irwin \$109,000.

16. Gil Morgan \$109,000.

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ART BUCHWALD

Becoming President

WASHINGTON — A young man asked me an interesting question the other day.

"Is it true that anyone born in the United States can grow up and be president of the United States?"

"Yes son," I replied. "Providing he can raise enough money to run in the primaries."

"Do you need lots of money?"

"You need lots of money just to run for Congress. But you need millions of dollars to even try for the Rose Garden."

"How do you get the money?" he asked.

"Well, first you meet in hotel suites with lobbyists and corporate dining rooms with chief executives, and golf clubs with labor leaders, and they ask you questions and tell them what they want to hear, and hope they'll give you the money so you can become president of the United States."

"Do they give you *all* the money?"

"No, each one is only allowed to give \$1,000 for himself, and \$1,000 for his wife. But so many guys are splitting up these days, that you can't count on the \$1,000 from the wife."

"If each person can only give \$1,000, doesn't the person who wants to be president have to see a lot of people?"

"You're not meeting in hotel suites, and corporate board rooms and golf courses to get \$1,000. You're talking to people who will make a lot of telephone calls to other people who have \$1,000. And you're hoping he or she can get those people to make calls to their friends and so on."

"What does the person who makes the calls say to his friends?"

"What's your name?"

"Archie Danloff, sir."

"Well, what I hope for is that one of the people you talk to will call up a friend and say 'A small group of us met with Archie Danloff last night and he thinks the way we do...'"

"How do they know I think the way they do?"

U.K. Tourism Earnings

The Associated Press

LONDON — Tourism in Britain earned the country more than \$4 billion (\$2.2 billion) in foreign currency last year, British Tourist Authority Chairman Sir Henry Markham said Tuesday.

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"Because you told me the night before. Suppose you met with the sulfur-burning coal guys. Before the meeting your political manager would brief you on where you stand on coal, so your position squares with theirs."

"Suppose I felt different than they did?"

"Then you shouldn't meet with them in the first place, because you can't waste valuable time trying to get money from people you don't agree with. You've got just so much time to raise the dough, and if you agree to meet with the coal people you have the choice of either telling them that you support their position, or at least making them think you do."

"When do I talk to the voters?"

"Much later, after you've raised the money from the political action committees. They're becoming more and more important, because they cannot only give you money from their kitties, but they can also put out the word to their supporters to send you checks on the house. PAC money is now becoming the infant-formula of politics."

"After I get the money from the PAC people do I talk about the things I believe in?"

"No, you still have to wait until you do a large direct mail advertising campaign asking for funds."

"How do I say in the letter?"

"You say you are the best qualified person to be president of the United States. But you can't do it without the support of the little people who are tired of special interest groups and all the big guys who want to buy your vote. That's why you're appealing by mail to them. You can't restore the American dream without their contribution, no matter how small it might be. The mailing could cost you \$2 million, but with any luck you'll get back \$5 million, which will then make you eligible for matching funds from the government to get your campaign under way."

"Are you sure any young person can grow up to be president of the United States?"

"Of course, Archie, as long as you have the stomach for raising the money."

ARTICLES

ARTICLES